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Daily Report

Latin America

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FBIS-LAT-96-091
Thursday
9 May 1996

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May 1996

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Daily Report
Latin America

FBIS-LAT-96-091 9 May 1996

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Cuba

Cuba: Cubazucar 'Source' on Dispute With Russian Supplier

PA0805234396 Mexico City NOTIMEX in Spanish 2145 GMT 8 May 96

[FBIS Translated Text] Havana, 8 May (NOTIMEX) — Cuba stated today its hope that "a good commercial solution" will be found to end the dispute with the Alfa-Eco firm in Russia. The firm suspended oil shipments that were being sent to the island within the framework of a bilateral agreement in March.

A Cubazucar [Cuban Sugar and By-products Export Enterprise] source told NOTIMEX on Wednesday: "Although the process is going slowly, we are still trying to find a commercial solution to prevent an arbitration that will prove costly for both parties and harmful from the international standpoint."

The source indicated that, if a commercial solution is not found, local authorities will take the necessary legal steps to make demands, although it insisted on the willingness to avoid a conflict.

Diplomatic sources in Moscow said the failure to comply with the contract coincides with the promulgation of the U.S. Helms-Burton law (12 March), which establishes sanctions against countries which trade with the Caribbean nation.

"I cannot attest that pressure has been exerted, but it coincides with the Helms-Burton law's approval. The time in which the Russian firm's decision was adopted and the time in which the law was approved coincide, although I do not want to establish any political ties," the sources added.

Cubazucar reasserted the government's willingness to strictly fulfill its agreements with Russia to exchange sugar for oil. The agreements were signed late last year and Alfa-Eco tried to cancel the agreements after requesting a price revision.

Cubazucar's marketing firm explained: "Alfa-Eco proposed a reduction in the prices established in the protocol that was signed in May 1995. This is how the virtual commercial rupture began."

The agreement called for the shipment of 1.5 million tons of crude oil to Havana in exchange for half a million tons of sugar, the official added. He reasserted Cuba's refusal to revise prices and seek better sugar prices as proposed by the Russian firm.

Cubazucar said "the Russian firm failed to comply with the agreement," and it insisted that reports from Moscow state Russia's Committee for Cooperation With Latin America criticized "Alfa-Eco" and said the measure will imply the closure of 100 Russian refineries.

The Cuban enterprise said: "We cannot calculate the consequences they will face. Even though we have yet to make an evaluation, it involves considerable damage for us, particularly at this time."

The Russian Committee for Cooperation with Latin America, chaired by Karen Khachaturov, said Alfa-Eco's decision is contrary to the state policy, which strives to increase advantageous trade and ties with Cuba.

Russia, the largest of the former Soviet republics, supplies through the exchange agreement less than a fourth of the oil the extinct Soviet Union delivered to its Caribbean ally before its disintegration in 1991.

Cuba: U.S. Bill Said Aimed at Reducing Illegal Influx

PA0805140496 Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 4 May 96

[From the "NTV" newscast]

[FBIS Translated Text] In the next few days, U.S. President William Clinton will endorse a new immigration bill aimed at closing further the southern border of the United States. The project approved by the Senate, where the Republicans have the majority, is aimed at reducing the influx of illegal immigrants. The new bill provides for an increase in border guard patrols, supplying them with equipment to detect false documents, and expediting procedures for the deportation of illegal immigrants.

The bill has gone to the House of Representatives, which had already approved a similar bill, for debate. Republican and Democratic Party spokesmen have expressed their support for the immigration bill. Observers believe Clinton will sign the unified bill as soon as it is ready.

Cuba: Castro Visits Ciego de Avila, Camaguey Provinces

PA0805131496 Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 6 May 96

[From the "NTV" newscast]

[FBIS Translated Text] Commander in Chief Fidel Castro has said those mills still working in Ciego de Avila and Camaguey are continuing their efforts for the sake of the country's honor and economy as well as to secure the trust of those who have helped finance the sugarcane sector in Cuba.

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Commander in Chief Fidel Castro visited Ciego de Avila and Camaguey Provinces on 4 and 5 May to witness the progress of the final stage of the harvest in these two provinces, which are among the largest sugar producers in the nation.

Provincial party members, Sugar Council Directorate officials, Agro-industrial Complex [CAI] directors, and the party secretaries of the municipalities involved in the harvest attended meetings in the two provinces where they evaluated the final stage of the campaign.

Castro asked cadres, sugarcane workers, and people in both provinces for special efforts to produce the amount of sugar pledged for the final stages of the harvest.

Participants to the meetings thoroughly discussed the harvest and measures implemented in both provinces to grind as much sugarcane as possible, such as the special steps taken to counter the negative effects of the recent rains. They also broached the additional efforts that must be made to grind all sugarcane and achieve the highest possible industrial yield and committed to work to the very end to reach the goals of the harvest.

The high spirit and enthusiasm of the cadres, sugarcane workers, and the people in general was evident in both provinces. They are all massively and enthusiastically responding to the mobilizations that have been summoned to support mechanized cutting with manual cutting.

The agricultural work to achieve the necessary levels of sugarcane to plant during the next harvest also was discussed during the meetings. Participants informed Fidel about the current state of soil preparation, sugarcane planting, and fertilization. They stressed the importance of keeping up with these jobs, despite the efforts needed to end the current harvest.

Castro highlighted the importance of weeding, which needs to be done in May and the following months, in order to have sugarcane available for the next harvest. He also stressed the importance of quality planting, tending, and fertilization.

The commander in chief broached other topics and asked for opinions and facts, such as the situation of the sugarcane Basic Cooperative Production Units, the handling of combines that have operated with various types of engines in the current harvest, the stability of the sugarcane labor force, the importance of CAI communications and automation, and drainage and road improvement efforts, among other issues:

[Begin Castro recording] There has never been such a spirit of support among the provinces [words indistinct]. They have even received machinery from Villa Clara. The efforts have been unparalleled. People have never been so enthusiastic. They have worked against all odds to succeed, knowing they will have to continue working, being in the month we are in, but the harvest will end sooner than last year. There will be no more harvest in June, except for the Guiteras and Jesus Menendez CAI. Perhaps it will continue in Frank Pais CAI also, because it is in the mountain area, where the harvest is still taking place. Holguin also must end the harvest in May, and there is the entire month of June to work and plant; thus, prospects are good despite the difficult times.

You have encouraged the people and must keep them in high spirits. It is very important for their enthusiasm to persist, and I hope you are able to continue encouraging them. [end recording]

On 5 May Castro visited northern Las Tunas to witness the progress made to improve the drainage and roads in its sugarcane fields, which are essential to conclude the harvest of the province. These projects were recommended during Castro's last visit to Las Tunas, and the necessary resources to complete the jobs were allocated at that time.

Cuba: Castro Tours Economic Centers in Holguin Province

PA0805155296 Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 7 May 96

[From the "NTV" newscast]

[FBIS Translated Text] Commander in Chief Fidel Castro Ruz toured important economic centers in Holguin Province following a meeting with political and administrative leaders there.

The goal of Fidel's trip was to assess in person the progress of the strategy of the final harvest. In the afternoon Fidel visited economic centers tied to that sector, including the Aniversario 60 de la Revolucion de Octubre Combines Factory, where he inquired about the economic costs of the combines being overhauled, the KTP-2M and the KTP-3, the types of motors being used, and the technological advances available.

As for the KTP-3, Fidel said this piece of equipment will be a big asset to Cuba's sugarcane harvest, bearing in mind its reliability and efficiency, because it is able to cut up to 40,000 arrobas a day. This high-hydraulic machine reduces the amount of foreign matter to only 5 or 6 percent; therefore, the cane does not have to pass through a cleaning filter, and thus fresher cane goes directly into the mill's grinder. Also, the operator's cabin is much more comfortable.

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At the Heroes del 26 de Julio Agrarian Tools Factory, Fidel asked about the Impac rice combine, the first of which is already in operation in Granma Province. He also was briefed on the progress of the overhauling of Soviet tractors [word indistinct] as well as the production of tools for agriculture.

At the Urbano Noris Industrial Complex, Fidel addressed the workers who in a few hours will fulfill their sugar production goal of approximately 115,000 metric tons, a figure which they will surpass because they will continue grinding for a few more days:

[Begin Castro recording] Above all else, the important thing is not that you will be able to say that the province has fulfilled its goal but that the country has met its goal. [applause] There are about 260,000 metric tons of sugar to go, and there are several mills, several provinces still grinding; that is, Holguin, Las Tunas, Camaguey, Ciego de Avila, Cienfuegos, Matanzas, Havana, and Pinar del Rio, which has only a little bit more to go, just as you after meeting the goal tomorrow. Of the provinces I mentioned, the vital ones are Holguin and Las Tunas. [applause] [end recording]

Cuba: Castro Tours Northern Part of Las Tunas Province

PA0805172096 Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 7 May 96

[From the "NTV" newscast]

[FBIS Translated Text] Commander in Chief Fidel Castro Ruz has toured the northern part of Las Tunas Province where there are still 100 million arrobas of sugarcane to be cut, the largest amount in the country.

Fidel visited the Machuca Dam, which is still under construction in Puerto Padre Municipality. This reservoir will hold 7 million cubic meters of water that will irrigate 150 caballerias of sugarcane and control floods in these low-lying areas. Fidel spoke with members of the Celia Sanchez Construction Contingent from Granma Province who are building the dam. Contingent Chief Engineer Eliezer Machado has told Fidel that approximately 90,000 cubic meters of soil have been moved and that the dam, now in its final stage, should be completed in 45 days.

During the trip, Fidel was told in the northern part of the province that 326 km of sugarcane roads, 91 km of drainage ditches, and 59 km of other facilities have been completed by the provincial department of the Construction Ministry and construction workers from Santiago de Cuba, Granma, and Camaguey.

Fidel met later with the provincial party bureau and officials of the Sugar Ministry and other bodies to make a detailed assessment of the sugarcane harvest and the strategy being followed to grind even the very last piece of cane with the highest possible yield. Fidel was briefed on soil preparation, planting, tending, and the fertilization of sugarcane.

The will to continue the struggle to the end of the people of Las Tunas and the mechanized forces of other provinces supporting the harvest was reiterated to Fidel.

Cuba: Villa Clara Province Achieves Sugar Production Goal

PA0805134396 Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 6 May 96

[From the "NTV" newscast — passages within quotation marks are recorded]

[FBIS Translated Text] Villa Clara province achieved its production goal of over 500,000 metric tons of sugar.

Villa Clara, the province that has delivered the most sugar nationwide, met its goal this morning when it reached 505,440 metric tons of sugar. For this reason, the province has received congratulations from the party leadership:

[Sugar Minister Nelson Torres] "The ministry and party leadership have sent their congratulations. The commander in chief also has sent a message, because he is visiting the eastern area on a harvest mission to encourage a province that needs special efforts to achieve its harvest goal. He is also fighting on the front line and has sent his message congratulating and commending the work done by the people of Villa Clara to produce sugar."

Villa Clara met its plan with an 11.75 [not further specified] yield, the highest in the nation, and also had the highest sugarcane recovery in recent years, being able to produce 12,000 more metric tons of sugar due to more efficient procedures.

Villa Clara's campaign has become everyone's harvest during which the people not only worked but were familiar with all tasks:

[Unidentified reporter] "Do you know what the biggest news is in Villa Clara today?

[First unidentified speaker] "That we have met the sugar production plan.

[Second unidentified speaker] "There has been talk in parks, stores, everywhere about what we have achieved. Everyone was concerned and wondered whether and when the province was going to meet the goal. We met the goal."

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Many believe the current harvest was one of the most efficient in Villa Clara's history due to technical discipline and the workers' persistence. Miguel Diaz Canel, first secretary of the party in Villa Clara, has said:

[Diaz] "We had the challenge of rescuing the sugarcane and sugar production spirit in Villa Clara. I believe we began recovering the sugarcane spirit last year, and the sugar production spirit was renewed during the current harvest; therefore, in this harvest by the people, we have achieved a victory that will bring about further success in the province and the country."

Workers who will now help with the harvest in other provinces nationwide have received award banners during the ceremony that has marked Villa Clara's completion of the sugar campaign.

Cuba: Santiago de Cuba Province's Sugar Workers Reach Goal

PA0805142296 Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 5 May 96

[From the "NTV" newscast]

[FBIS Translated Text] Sugar workers of Santiago de Cuba Province have reached their goal of producing an additional 3,500 metric tons of sugar, just as they had pledged for the nation's economy. The province was the second in Cuba to reach its production goal during the current harvest, 231,000 metric tons of sugar, and three complexes were still actively grinding.

The America Libre Sugar Complex, the only one still operating, stopped its machinery once the province's pledged additional amount was reached. The fact that the eight Santiago de Cuba Province complexes have reached their production goals this campaign should be highlighted, but the most significant point is that there was an 18 percent growth in sugar production with only a 12 percent increase in sugarcane.

Cuba: Joint Resolution Establishes Rules for Self-Employed

PA0805144196 Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 5 May 96

[Report by Maribel Puerto; from the "NTV" newscast]

[FBIS Translated Text] A joint resolution on self-employment establishes rules for those involved in this activity.

[Reporter Maribel Puerto] Self-employed workers will carry out their jobs individually without using salaried personnel. Furthermore, they must carry out the direct sale [comercializacion] of their products or services rendered and update and maintain records of their earnings and expenses by keeping receipts recording transactions as well as the use of raw materials and supplies. They must comply with any controls that might be established in this regard.

They cannot offer or sell products nor render services to legal organizations in the state or private sector or to any associations that handle foreign capital. Considered among these are state organizations duly authorized by the Administrative Council of the People's Government as stipulated by regulations implemented by the Ministry of Domestic Trade.

Cuba: Secretary Comments on Assemblies, Water Supplies

PA0805174296 Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 5 May 96

[From the "NTV" newscast]

[FBIS Translated Text] Representing the People's Government in Havana City, Jesus Ramos, secretary of the People's Government Provincial Assembly, has announced that 2,969 assemblies, 90 percent of all assemblies, have already taken place. Voters' participation surpasses the previous assemblies. How has this been achieved?

[Begin Jesus Ramos recording] The people are responding to a higher level of participation, resolving problems. [end recording]

Among the main concerns of the people are those pertaining to transportation, water supply, sewers, and the lighting of streets, issues which have always been the government's priorities even though they are being broached today:

[Begin Jesus Ramos recording] We can see that more problems are being resolved now more so than in previous phases.

There were 171 neighborhoods that had no water in the city just two years ago. There were neighborhoods that had no water supplies for 25 years, and now there are only approximately 50 left, meaning that there are nearly 120 neighborhoods that have water supplies that previously did not. [end recording]

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Haiti

Haiti: Preval Visits Immigration, Emigration Service 6 May

PA0805151396 Port-au-Prince Signal FM Radio in Creole 1130 GMT 7 May 96

[From the "0730 Appointment Newscast"]

[FBIS Translated Excerpt] The Haitian president, Rene Preval, continues to visit several public offices in the country.

On 6 May, he visited the Immigration and Emigration Service. Preval met with the general director of the Immigration and Emigration Service, Jeanne Bernard Pierre, on the difficulties this institution is experiencing. The head of state said the equipment used to produce passports was transported to an area where electricity is available 24 hours a day so they may make up for lost time in delivering passports.

Preval announced that he will establish new measures in the immigration and emigration office to prevent nonauthorized individuals from entering the premises of the institution, as racketeers and forgers used to do.

The Haitian head of state announced a series of measures with the objective of facilitating better operations of this institution:

[Begin Preval recording] There was a machine used to make the passports.... [pauses] The photographs of individuals are affixed onto the new passports by a machine called an engraver. There were three [as heard] here, one in Cap-Haitien and one in Les Cayes. We had the three of them delivered here, had them transported to a place where electricity is available 24 hours a day [words indistinct] we removed them from here and put them in a place where they can work 24 hours a day so we can eliminate the delay. [passage omitted] [end recording]

The Haitian head of state made these statements yesterday at the Immigration and Emigration Service, but the director of the institution, Jeanne Bernard Pierre, has said she invited the president to come and see with his own eyes the situation of this institution so the problems it is experiencing may be solved. She believes President Rene Preval will help her find the necessary means to cope with the huge problems the institution is experiencing, such as the difficulty with passport issuance.

The director of the Immigration and Emigration Service has assured that between now and the end of the month the delay that was noted in the delivery of passports will come to and end, particularly because of the arrival in Port-au-Prince of two machines that were used in Les Cayes and Cap-Haitien.

On the poor physical state of the facility, Bernard Pierre, who took office on 15 April, hopes the Interior Ministry will put funds at the disposal of this institution that will allow her to repair the building in which the Immigration and Emigration Service is located. [passage omitted]

Haiti: Preval on Keeping Minimum Wages Competitive

PA0805165396 Port-au-Prince Signal FM Radio in Creole 1130 GMT 6 May 96

[From the "0730 Appointment Newscast"]

[FBIS Translated Excerpt] The depreciation of the gourde vice the greenback is a factor of deficit in the budget of the Republic. Big debates on minimum wages are going to be initiated in Haiti. President Preval says the amount of money made by each Haitian in the country is calculated in accordance with the Haitian reality. The minimum wages encourage the investors to set up shop in the country, according to the Haitian President Rene Preval, who points out that the high cost of living is linked instead to the deficit of the budget of the Republic. President Preval has decided to work with his team in order to lower the cost of living in Haiti. President Preval answered the questions of our colleague Kenol Dorvil.

[Begin Preval recording] When you speak of minimum wages, for instance, if you take the Industrial Park, you should compare it with the minimum wages in the countryside. You should... [pauses] The figure itself may look beautiful, but if it is a figure that will frighten the investors, that will make them go to another country where they find the means, where they find conditions that are more favorable to them [words indistinct]. [passage omitted] [end recording]

Haiti: Preval Inquires About Electricity Operations

PA0805235296 Port-au-Prince Signal FM Radio in French 1030 GMT 8 May 96

[From the "Waking Up Newscast"]

[FBIS Translated Excerpt] The Haitian head of state visited Electricity of Haiti [EDH] on 7 May to inquire about the operations of this public institution. It is his fourth visit to a public administration office this week. One day before his EDH inspection, the head of the Haitian executive went to the Immigration and Emigration Service, the General Directorate of Taxes, and the National Port Authority. During his EDH visit, Rene Preval announced his intention to introduce in Parliament a law aimed at establishing the prohibition of kickbacks. He intends to take measures within the

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Ministry of Public Works and the EDH Union to ensure proper functioning of these institutions. [passage omitted]

Haiti: Preval To Meet Chirac in Paris, Santer in Brussels

PA0905000996 Port-au-Prince Signal FM Radio in French 1030 GMT 8 May 96

[From the "Waking Up Newscast"]

[FBIS Translated Text] Haitian President Rene Preval will meet with Jacques Chirac in Paris on 7 June during his European tour, sources close to the presidency announced in Port-au-Prince on 7 May. This meeting will be followed by a working breakfast. During this trip, the Haitian president will also go to Rome and then on to Brussels where he will meet with President of the European Commission Jacques Santer.

Haiti: CEP Experiencing Problems With Community Elections

PA0805170096 Port-au-Prince Signal FM Radio in Creole 1130 GMT 7 May 96

[From "The 0730 Appointment Newscast"]

[FBIS Translated Excerpt] The Haitian Provisional Electoral Council [CEP] is experiencing financial problems with the elections for the territorial communities. The electoral institution is waiting for concrete assurances from both national and international sponsors before planning these elections, but the president of the council, Pierre Michel Sajous, has assured that the CEP has the necessary expertise to pull off successful elections in the territorial communities.

Sajous has commented:

[Begin recording] [Sajous] The territorial communities.... [pauses] The holding of elections itself does not pose a problem to us. These elections are obviously specific compared to parliamentary elections or presidential elections. We already know what electoral activities have to be carried out before elections are held. This problem is not a major one for us, because we have already held so many elections that we can consider ourselves to be experienced in this regard.

The budget is what is important, because you may plan all you want to plan but will go nowhere if you have no assurance that you will have the necessary funds to do what you want to do; thus, for the time being this is one of the issues we are studying in depth so we can work out a draft of the budget as soon as possible.

[Unidentified reporter] How much money will that cost?

[Sajous] We do not know yet, because, as I told you, we are going to prepare the draft; thus, after we do so we will know exactly how much it may cost. The elections should be held within budgetary guidelines.

Speaking of transition, do not forget that the international community has supported us up to now so we may hold the elections, but we cannot continue asking the international community to come and do it for us whenever elections have to be held here. You know that the country does not have enormous financial means, so we must think and start holding elections within budgetary guidelines. [end recording] [passage omitted]

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Mexico: Telecom Privatization To Aid Satellite Industry

PA0805183496 Mexico City EL FINANCIERO in Spanish 3 May 96 p 12

[Report by Claudia Olguin — received via Internet]

[FBIS Translated Text] The industry of commercial satellites and the telecommunications services around this industry will strengthen in the short term, once the Mexican Government begins the privatization of Telecomm [Telecommunications of Mexico] and establishes the protocols that will govern the new methods of operation.

The privatization of Telecomm will facilitate the development of different schemes of administration that will make profitable the operation and administration of a service that began with international communication priorities, executives from companies interested in the process have commented.

Up to now the government only uses 3.6 percent of the satellite capacity, but worldwide 87 percent of the 144 satellites that will be launched this year will be used for different telecommunication services.

Although the decision to privatize Telecomm will entail its transfer from public to private hands, the pressure exerted by companies interested in developing new projects is increasing.

In fact, some international carriers [preceding word in English] with operations in Mexico have chosen not to invest in the long distance industry, in order to save resources for the purchase of satellites or orbital positions.

The creation of governing protocols and the privatization of Telecomm would encourage, in addition, the profitability of a government-operated industry and the establishment of telecommunication services connected with public and private networks, making the transmission of data and images more efficient.

There are at least four projects for the development of the Direct to Home [preceding three words in English] (DTH) system with the participation of national companies, such as Televisa Group, MVS Communications (Directtv Latin America), Direct TVI of Acir Group, and Telered of Medcom Corporation.

Although the satellite supply capacity is 40.1 percent, the government has some communication priorities which no private company would be interested in financing.

The atmosphere around this business, consisting of operators, launchers, and administrators, has drawn to the country companies such as Panamsat, Hughes Corporation, Aerospacial, Matra, MCI Communications, AT&T, Loral, Lockheed Martin of the United States, and Asia's The Great Wall Industries.

All of them as a group may also form shortly strategic alliances to participate in an industry, which generates more than $186 billion worldwide.

The three options to privatize Telecomm proposed by the government to interested companies are the establishment of a single satellite system, the integration of the three satellites into separate firms, or the sale of transponders in "condominium."

However, representatives of the multinational firms believe that the Mexican Government may opt to grant the entire structure to one single operator, as was the case with the sale of Mexican Telephone Co. in the early 1990s.

"Selling the three orbital positions to one bidder will give it higher profitability and a faster return on investment," an executive explained.

He considered that should it opt for one company, the government "will have to establish periods of exclusive rights and the opening later to third parties."

The new owner would get not only more than 300 intense users of this technology but would control an industry so far concentrated on the transmission of 65 television signals, radio signals, and users of voice and data private networks.

Telecomm operates the three satellites in orbit (Morelos II, Solidarity I, and Solidarity II) through the fixed national and international service, mobile service, Teleports, and Satellite Networks.

Of the total satellite supply, 25 percent is absorbed by radio and television companies, 34.5 percent by voice and data networks.

In less than one month the government will decide who will produce and launch the satellite that will replace the Morelos II, a $250-million project funded by the government.

The footprint of Mexican satellites extends to Guatemala, Belize, Honduras, El Salvador, San Francisco, Venezuela, Colombia, and other countries of the American continent. But with the emergence of the reciprocity agreements, the three Mexican satellites could extend their coverage to some states in the southern United States, such as San Francisco, Houston, Dallas, Atlanta, Miami, Washington D.C., Pittsburgh, Detroit, Chicago, and New York. [sentence as published]

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El Salvador

El Salvador: Menem Arrives in San Salvador on Visit

PY0805181796 Buenos Aires TELAM in Spanish 1702 GMT 8 May 96

[Report by unidentified special correspondent]

[FBIS Translated Text] San Salvador, 8 May (TELAM) — President Carlos Menem arrived at 1035 (1335 Argentine time) today in El Salvador, on the second leg of his Central American tour.

The presidential plane Tango-01 landed at the Ilopango Military Base, near San Salvador, from Tegucigalpa, Honduras.

Guatemala

Guatemala: Reports on CIA Base Said 'Irresponsible'

PA0805211496 Guatemala City LA REPUBLICA in Spanish 7 May 96 p 7

[Report by Anaynasi Lopez Martinez]

[FBIS Translated Text] Foreign Minister Eduardo Stein said yesterday that accusations such as the ones the Mutual Support Group (GAM) made yesterday regarding the existence of a CIA operations base in a military zone in Guatemalan territory "are irresponsible" if they are made without any evidence.

"I believe that if the GAM has no way of proving those accusations, then its remarks were seriously irresponsible, which only serves to create more expectation and tension at this time when Guatemalans are in the final stage of the peace process," Stein stressed.

Stein's remarks were in reference to a document issued by the GAM on 4 May. The human rights organization said in a press communique that members of military intelligence, known as G-2, and the CIA could be involved in several extrajudicial executions, including the attack on Russian diplomat Yuriy Trouchkine while visiting Guatemala, and the death of the son of a Salvadoran deputy of the Farabundo Marti National Liberation Front.

Stein said that kind of statement, having no solid basis or foundation, only serves to create concern, adding that "this is not a good time for this type of situations in our country; it is the last thing we need."

He stressed that instead of promoting divisions, what people should do is try to find a consensus and encourage reconciliation among Guatemalans because we are in the final phase of the peace process.

"I feel that if they have proof of their allegations, they should go to the institutions in charge of investigating those charges, such as the Attorney General's Office, so that the corresponding actions can be taken," he said.

He added that it is necessary to wait until the U.S. State Department makes public the documents concerning cases of human rights violations. Before that, however, we should not be saying that a CIA base exists here or there without any certainty, as those allegations could create conflict, much less if there is no evidence".

Guatemala: URNG Signs Agreement, Suspends 'War Tax'

PA0805145796 Guatemala City Televisiete Television in Spanish 1900 GMT 7 May 96

[From the "Channel Seven News" newscast]

[FBIS Translated Text] The Guatemalan guerrilla has suspended the so-called war tax, which they collected from the country's caciques and rural landowners, following the signing of an agreement on socio-economic matters and the agricultural situation. URNG [Guatemalan National Revolutionary Unity] sources have noted that the suspension of the war tax is aimed at supporting the peace process, now under way, promoted by President Alvaro Arzu's administration.

The agreement, which stemmed from the agenda of negotiations, was signed before representatives of the UN and the group of friendly countries supporting the peace process in Guatemala. This group of countries is made up by Venezuela, Norway, Spain, Mexico, the United States, and Colombia. The United Nations has been acting as a mediator in a domestic armed conflict that has claimed more than 175,000 lives and caused huge economic losses for over 35 years.

The URNG's decision has come in addition to last March's announcement of an indefinite cease-fire, responded in kind by the Guatemalan Army. The guerrilla command declared on 7 April that it would be willing to suspend the war tax once an agreement on socio-economic and agricultural matters was signed with the government delegates, who were present at Monday's meeting of the Peace Commission, Copaz. According to a rebel communique that was published in Guatemala City, the general command of the URNG is demonstrating once more, with its willingness, that it is determined to achieve a fair and democratic peace.

The war tax was established after the May 1993 coup attempt by former President Jorge Serrano Elias. Back then, negotiations reached a standstill and the major business groups tried to block further progress in the peace process.

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Honduras

Honduras: Argentina's Menem on Visit, C.A.-Mercosur Ties

PA0805185496 Tegucigalpa Telesistema Hondureno Television Network in Spanish 0100 GMT 7 May 96

[Report on interview with Argentine President Carlos Saul Menem by reporter Edgardo Melgar; place and date not given; from the "This Very Day" program; passages within quotation marks recorded]

[FBIS Translated Text] [Menem] "This is the first time an Argentine president comes to this marvelous country. We came to talk with its authorities and its people, who are wonderful people. According to what we have been able to discuss, we are quickly moving forward with issues dealing with the broadening of our political, economic, and social relations. We are going to sign a number of agreements that will instill a real and true essence to this visit, which I had wanted to make for a long time.

[Melgar] "Mr. President, are there any possibilities of bringing the Central American Market closer to the Mercosur [Common Market of the South]?

[Menem] "Well, I briefly talked about it today. This is an idea I have been contemplating for a long time, and today I had the opportunity to make it public. President Carlos Reina has a good disposition for this, and we will start working on the issue. Of course, it also depends on the other countries that make up the Central American economic community."

[Melgar] We asked him about Argentina's contribution to strengthening democracy and the progress made in the Latin American integration process.

[Menem] "I believe that all Latin American countries have already shown a good sign that the final decision is to live democratically. For instance, the latest developments in Paraguay, the attempt to do away with the Paraguayan constitutional system, was a complete failure, not only because many segments of the Paraguayan community opposed this, but also because the rest of the American countries, especially Mercosur, protested firmly. As soon as I became aware of the situation, I informed the coupists that if a situation of this nature took place, we would immediately expel Paraguay from Mercosur."

[Melgar] As for the demilitarization process in Argentina, President Menem said:

[Menem] "There is no demilitarization in Argentina; we have a constitutional consolidation. The Argentine Armed Forces, within the institutional framework, are playing the role the Constitution calls for. Argentine society respects its institutions, including the Armed Forces, security forces, and police forces. Otherwise, we would be living in a country with serious problems and serious [word indistinct]. Thus, what Argentina has been experiencing, starting with democracy and freedom, is a full consolidation of its institutions.

[Melgar] "Mr. President, in the 1970's, Honduras, as well as many other countries in Central America and Latin America, experienced what was called the Cold War. Argentine advisers and military officers came to Honduras. Certain human rights organizations and the Attorney General's Office are currently trying to determine the ties there were to prosecute those who participated, as perpetrators or masterminds, in the forceful disappearance of people in the 1980's. How would your government contribute to supporting this investigation and making justice prevail, in the case of the Argentine advisers?

[Menem] "I believe that we have already overcome this phase in Argentina, following the 1976 coup d'etat and the return of democracy. All military officers and military engineers were prosecuted, military officers and civilians. They engaged in a kind of dirty war that was waged in Argentina. When I took office, I told myself that one of the priorities was to bring about peace in the country. You are aware of what were the results of this proposal: A pardon that did away with the possibility of coups d'etat in Argentina."

[Melgar] For the first time, the Argentine president spoke about the scandal that erupted in South America when it was reported that Argentina had sold weapons to Ecuador during the Ecuadoran-Peruvian war.

[Menem] "Argentina did not sell weapons to Ecuador, Peru, or Croatia, as it was said. Argentina sold weapons, as all countries of the world did, to companies that purchase weapons. They can then sell them to anyone they please. I wonder if there were only Argentine weapons, if there was any, in the Peruvian-Ecuadoran conflict. Were there only Argentine weapons in Croatia? In the midst of the Croatian conflict, there were weapons from everywhere in the world, and many of these countries that sold weapons to Croatia also sold weapons to the peace corps, the Blue Helmets, as Argentina did. So, there is willingness to create problems where there are no problems. Disregard this report. Anyway, we are investigating it, and we will abide by whatever justice dictates.

[Melgar] "Mr. President, to end this interview, do you agree with the institutional strengthening of the OAS as to get it closer to Latin America and take it a little bit away from the influence of the United States?

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[Menem] "I believe that the OAS in Washington... [pauses] Washington is at the other extreme of the world. I do not believe this is a measure aiming at diminishing or being able to diminish U.S. influence. However, we support this measure to get the OAS out of Washington and place it somewhere in a Central American country, for instance. I believe there is a proposal that was approved in September."

Honduras: Argentina's Menem Addresses Bank Officials

PY0805181696 Buenos Aires TELAM in Spanish 2256 GMT 7 May 96

[Report by special correspondent Alberto Hugo Emaldi]

[FBIS Translated Text] Tegucigalpa (Honduras), 7 May (TELAM) — Giving a lecture to Central American Bank of Economic Integration [BCIE] staff members today, during the second day of his visit to Honduras, President Carlos Menem emphasized that "a strong currency and an effective service industry" are the keys for "sovereignty" in today's world.

Menem said: "Sovereignty does not involve a telephone company that has not been privatized, a poorly operating train service, or oil companies; sovereignty involves having a strong currency and an effective service industry."

Lecturing before the BCIE staff members, Menem championed the policies that have been implemented in Argentina since 1989. He recounted: "Following these reforms, we have overcome isolation and achieved stability, and now we are on the path of growth."

After noting that the Central Bank of the Argentine Republic's "reserves totalled $60 million" in 1989, the president told the bankers that "these reserves now total $18 billion."

Menem also pointed out that "one peso equals one dollar" in Argentina. He emphasized: "In these processes of economic and political stability, we have to promote development through regional integration first and continental integration later."

Menem recounted the tenets raised during the 1994 Miami Summit. He hopes "to achieve the continental integration of the entire Americas through a free trade zone stretching between Alaska and Tierra del Fuego."

The president also renewed his integration proposal for Central American countries to achieve an agreement with Mercosur [Common Market of the South] on a free trade zone.

Menem emphasized to entrepreneurs, bankers, and Honduran Government officials: "If we were able to achieve an agreement between Mercosur and the EU, which is 15,000 km away from us, we can achieve an agreement with Central America, as we are much closer."

Menem began here today his activities by paying a tribute to [Argentine liberator] General Jose de San Martin at the General Jose de San Martin Square in downtown Tegucigalpa where he laid a wreath at the monument to the Argentine hero.

During the ceremony, the president also received gifts from the primary school Republica Argentina students, who also participated in the wreath-laying ceremony.

Afterwards, Menem visited the Supreme Court. At noon on 7 May the president lectured before the BCIE staff members. Argentina, China, and Mexico, among other countries, are extraregional BCIE members.

The president's agenda then included a lunch hosted by the Honduran Private Enterprises Council [Consejo Hondureno de la Empresa Privada]. On the afternoon of 7 May Menem went to the Presidential House (the Honduran Government seat), where he signed bilateral cooperation agreements with Honduran President Carlos Reina.

The agreements include an accord on drug enforcement and money laundering, and the removal of visa requirements, with the goal of favoring exchanges and the possibility of Argentine investments in this Central American country.

Menem's activities during his last day in Honduras — on 8 May he will go to El Salvador — were crowned with a reception for the Honduran president. During the reception, the Honduran president again thanked the Argentine president for his official visit.

Honduras: Reina, Argentina's Menem Sign Trade Agreement

PY0805193696 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1729 GMT 8 May 96

[FBIS Translated Excerpt] Tegucigalpa, 8 May (AFP-NA) — Following Argentine President Carlos Menem's visit to Honduras, which ended on 8 May, Argentina and Honduras agreed to foster regional trade and support regional integration processes.

Menem and his Honduran counterpart, Carlos Reina, pointed out that it is appropriate "to dynamically promote economic cooperation and enhanced trade between the two countries," as trade between the two countries has not been significant so far.

According to unofficial estimates, Honduran sales to Argentina barely total $1 million per year.

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In a joint declaration, signed on the afternoon of 7 May, the two presidents admitted that "trade and private investments play a key role in economic development." They agreed to negotiate an accord on the mutual protection of investments.

The two presidents also indicated the significance of mutually exchanging information on the foreign trade standards prevailing in their respective countries. They agreed to cooperate in holding unfair trade practices in check.

The two presidents admitted "the huge importance" of regional integration processes for achieving the Latin American integration goals. They noted that the continuity of these processes require full effectiveness of democratic institutions, respect for human rights, and economic development, attaching priority to the efforts toward eradicating extreme poverty." [no opening quotations marks as received] [passage omitted]

Honduras: Joint Trade Declaration Signed With Argentina

PA0905023396 Tegucigalpa LA TRIBUNA in Spanish 8 May 96 p 88

["Text" of joint declaration signed by Argentine President Carlos Saul Menem and Honduran President Carlos Roberto Reina in Tegucigalpa on 7 May]

[FBIS Translated Text]

Joint Declaration

Invited by the Government of the Republic of Honduras, His Excellency Doctor Carlos Saul Menem, president of the Republic of Argentina, made an official visit to the Republic of Honduras on 6 and 7 May 1996, the first visit that an Argentine president had made to Central America.

President Carlos Roberto Reina received from President Menem the Liberator San Martin Collar Order, which is the maximum decoration the Argentine state bestows upon chiefs of state and which expresses the genuine recognition of the Argentine people and government for their contribution to strengthening the ties between the two nations.

Likewise, President Reina bestowed upon President Menem the Morazan Order of Great Cross Gold Plaque.

Honduran Government authorities cordially welcomed His Excellency President Menem and his distinguished delegation, stressing the traditional and excellent ties of fraternal friendship that have existed between the two countries. Aware that more cooperation is essential to obtain the development and progress their respective people rightfully desire, they have decided to sign the following declaration:

1. The presidents of Honduras and Argentina have stressed the traditional ties of friendship, cooperation, and solidarity existing between the two countries and have agreed to joyfully emphasize the consolidation of democratic institutions and the validity of the state of law in Latin American countries. They have reaffirmed the commitment their governments made in terms of political consensus mechanisms and practices and the significance of economic integration as the region's objective common.

In this regard, they have fully supported the activities that the OAS is carrying out to promote talks on hemispheric security issues and have stressed the progress made in the adoption and implementation of measures aimed at strengthening mutual confidence. Likewise, they have stressed the significance of continuing the efforts made in this area, leading to the approval of the Santiago Declaration in November 1995, thus contributing to strengthening institutional stability and the hemisphere's peaceful traditions.

2. The presidents have voiced their commitment to representative democracy and the full validity of human rights.

3. In light of the emergence of new economic blocs, they have agreed that a gradual and balanced economic integration is one of Latin America's aspirations; therefore, it must be one of the region's basic objectives. The presidents have affirmed that structural imbalances, particularly abject poverty conditions, are elements that continue to adversely affect peoples' security and peace.

4. The two presidents talked about matters of mutual interest and the present regional and international situation, affirming their faith in the OAS and UN. Because of this faith, they will continue to provide their most sincere and effective cooperation so these organizations can fully comply with the principles and purposes for which they were created. The two sides expressed their conviction that preserving such precepts is essential for international peace and security.

In this context, they underlined the importance of implementing, since January of this year, the amendment introduced in the OAS Charter through the Managua Protocol, which created the Inter-American Council for Integrated Development (CIDI).

The two presidents regarded as very important the adoption of the necessary measures, as part of national and joint efforts at the international cooperation level, to improve the standard of living of the Honduran

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and Argentine peoples and those of the other friendly American countries.

The presidents expressed their willingness to ensure their peoples' social and economic well-being in all aspects dealing with social protection and security.

5. The two presidents pledged to increase their mutual cooperation to prevent and repress drug traffic and the illegal use of narcotics. With this purpose in mind, they decided to continue with renewed determination to support and cooperate with one another to effectively meet the challenge that drug traffic and its related crimes pose for their respective societies.

In addition, the presidents decided to intensify and coordinate their actions in appropriate international organizations and to support the programs that those organizations finance for personnel training.

6. Regarding money laundering, the presidents expressed their satisfaction over the progress achieved during the Ministerial Conference for Money Laundering and Instruments of Crime, held during the Summit of the Americas in Buenos Aires on 30 November-2 December 1995, and the actions and recommendations that the governments of countries of the hemisphere approved as the Buenos Aires Declaration.

7. They expressed their conviction that Latin America's common interests should become the basis for Latin American countries to lead a policy of increasing cooperation, which could facilitate the task imposed by their governments to overcome the present underdeveloped state and design a mechanism of permanent dialogue and close cooperation, based on understanding and mutual trust as the essential framework to attain the objectives of unity in which Latin America is immersed.

8. The presidents agreed to continue to exchange information between regional integration processes, whose immense importance for reaching Latin American integration objectives is recognized. The presidents agreed that the continuity of these processes requires the full implementation of democratic institutions, respect for human rights, and economic development before attempting to eradicate extreme poverty.

9. The presidents expressed their satisfaction over the outcome of the OAS Special Conference, held in Caracas from 27 to 29 March, and underlined that the adoption of the Inter-American Convention Against Corruption, once in force, will facilitate cooperation between both sides in the struggle against corruption.

10. The presidents stated their pleasure regarding the results attained at the OAS Specialized Conference on Terrorism, held in Lima, Peru, on 23-26 April, in compliance with the action plan from the Summit of the Americas, held in December 1994.

11. The governments of Argentina and Honduras find appropriate the possibility of actively sponsoring economic cooperation and an increase in trade between the two countries.

The presidents stated their support for the creation of cooperation mechanisms and the implementation of actions aimed at sponsoring trade and investments to identify and support the development of new opportunities; cooperate in the organization of promotional events, seminars, and exhibitions; and generate new projects in the private sector.

They recognized that trade and private investments play a crucial role in the economy's development and, in this concern, they agreed to negotiate an accord for the promotion and reciprocal protection of investments.

They emphasized the need to strengthen commercial ties between the two countries. They noted the importance of reciprocally providing information on the norms that rule foreign trade in their respective countries.

Likewise, they agreed to cooperate and keep disloyal trade practices under surveillance.

12. The progress achieved in the liberalization of trade is of mutual interest. Regarding this issue, bilateral plant and animal health agreements are vital to facilitate commercial and regional exchange, eliminating obstacles and sponsoring the rapprochement of our countries.

The Argentine and Honduran Governments consider it necessary to start, as soon as possible, negotiations to eliminate a ban on animal products from Argentina into the Honduran market. Regarding this issue, the parties pledged to sign a health agreement as soon as possible, either within the framework of the OIRSA [Regional International Organization for Agricultural-Livestock Health] or in a bilateral manner, bearing in mind the excellent health evolution achieved in Argentina within the struggle against hoof-and-mouth disease, more specifically, the absence of hoof-and-mouth disease cases since 27 April 1994.

13. They agreed to encourage, in a much more efficient manner, contacts between existing integration institutions, the increase in cooperation, and the exertion of efforts to further strengthen the Latin American Economic System (ECLA).

14. They stated their pleasure with the outstanding results achieved by both countries in the technical cooperation sector, particularly the potential "Argentine Horizontal Cooperation Fund" [Fondo Argentino de Coop-

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eracion Horizontal] (FOAR), which covered various areas with the participation of Argentine experts and professionals. The areas include the agricultural industry, cattle production, education, law, transportation, energy, social development, and state reforms.

Referring to this, the Honduran president thanked the Argentine president for the technical cooperation received in five projects that were established and 14 projects that are being implemented.

15. Given the high level of bilateral relations and cooperation, President Carlos S. Menem offered President Carlos Roberto Reina a scholarship that enables a Honduran diplomat to attend a semester at the Foreign Service Institute of the Nation, where Argentine Foreign Service members are educated and trained. The Honduran president enthusiastically thanked him for the offer.

16. The Argentine claim on the Malvinas, Georgia, South Sandwich Islands, and surrounding maritime areas, has received the Honduran Government's important and traditional support. Argentina greatly values and appreciates the annual support offered within the framework of the OAS Assembly General.

The Republic of Argentina and Honduras call for the resumption of negotiations between Great Britain and Argentina to find a peaceful solution, as soon as possible, to the sovereignty dispute.

17. The two presidents stated their satisfaction with the signing of the Agreement for the Struggle Against the Abuse and Illegal Traffic of Narcotics and Psychotropic Substances; the Agreement for Technical Cooperation in Tourism; the Agreement for the Elimination of Visas in Diplomatic, Official, and Special Passports; and the Agreement for the Elimination of Consular Visas for nationals from the two countries.

Upon conclusion of his visit, President Carlos S. Menem issued a cordial invitation to President Carlos Roberto Reina, to carry out an official visit to the Republic of Argentina, at a date yet to be determined, for which he was thanked and the invitation was accepted.

Also, the president of the Republic of Argentina, His Excellency Carlos S. Menem, stated, in his behalf and on behalf of his distinguished delegation, his sincere and profound gratitude for the warm hospitality offered to them.

[Dated] Tegucigalpa, May 7, 1996.

[Signed] Carlos Roberto Reina, president of the Republic of Honduras

Carlos S. Menem, president of the Republic of Argentina

Nicaragua

Nicaragua: D. Ortega Elected as Presidential Candidate

PA0805181996 Managua Radio Nicaragua Network in Spanish 1130 GMT 6 May 96

[From the "620 Newscast"]

[FBIS Translated Text] During the second FSLN congress that culminated last night with the election of candidates to deputies and alternates to Parlacen [Central American Parliament] and the National Assembly, Daniel Ortega Saavedra was unanimously elected as the presidential candidate of the FSLN [Sandinist National Liberation Front] for the October elections with 471 votes in favor. Vilma Nunez de Escorcia came in second with 67 votes, and Alvaro Ramirez came in third.

During her speech, Escorcia said she did not feel defeated and accepted the results of the congress. She said she is returning to her job at the Nicaraguan Human Rights Center to continue defending the human rights of Nicaraguans. Daniel Ortega, in turn, insisted on creating a government of national unity in which there is room for all Nicaraguans. He announced farmer Juan Manuel Caldera Lacayo as his running mate and invited all Sandinists who have left the party to return and work together for the progress of Nicaragua.

Here is an excerpt of the speech former President Daniel Ortega delivered yesterday after his election as the FSLN presidential candidate:

[Begin Ortega recording] This is a productive act. First, we are going to [words indistinct] to draft policies that truly stimulate earnings in production and [words indistinct] if farmers produce we will have food, jobs in this country. We will have products to export.

The country's economy has to grow, based on the strengthening of productive activity; that is why we are attaching such a great importance to productive activity.

We have told farmers.... [pauses] They ask us, what about the ownership problem? We do have an ownership problem. The one who has tied a knot can untie it. We did not tie that knot [words indistinct] logically to promote a fundamental change in ownership in this country. [end recording]

FSLN presidential candidate Daniel Ortega promised that there will be no more [words indistinct] war, or patriotic military service if he wins, because those are things of the past and the U.S. Government has pledged to respect the results of the elections.

During his speech at the Olof Palme Conventions Center, Ortega also promised to resolve the problem of

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ownership, because the person who has tied a knot can untie it. We are the ones who have the authority and responsibility in this matter, the presidential candidate said.

The Sandinist Renewal Movement [MRS] chose a young physician as its vice presidential candidate. Dr. Leonel Arguello Irigoyen, 39, was chosen to run as the MRS vice presidential candidate. In the presidential [words indistinct] for the MRS, Sergio Ramirez Mercado agreed with the election of his running mate and confirmed his decision not to establish any alliance with the FSLN but left the door open to join any electoral coalition. During the Sandinist government, Arguello Irigoyen served as epidemiology director of the Health Ministry.

[Managua BARRICADA in Spanish on 6 May in a 300-word report describes Juan Manuel Caldera Lacayo as a 68-year-old, successful cattleman from Boaco Department who was graduated from Purdue University. The report cites Lacayo as saying: "The first words I will utter will be to say that the Sandinists confiscated my properties in 1983." BARRICADA also quotes Ortega as saying of Caldera: "He voted for the UNO [National Opposition Union]. His property was expropriated. He does not come as a Sandinist or to become Sandinist; he comes to contribute to the development of this effort."]

Nicaragua: D. Ortega Issues Appeal To Join FSLN Ranks

PA0805220496 Managua BARRICADA in Spanish 6 May 96 pp 1, 4

[FBIS Translated Text] Sandinist National Liberation Front [FSLN] Secretary General Daniel Ortega issued an appeal to producers, businessmen, workers, peasants, women, and other sectors of the civilian society, shortly after being elected presidential candidate by the FSLN. He urged them to comprise a government of National Unity to counter hunger, poverty, and unemployment.

"We want to tell producers, businessmen, and workers to come join this struggle for peace and love for the nation's interests," Ortega exclaimed during his speech.

The former president said unity between Sandinism and different local sectors must not be seen as the acquisition of an FSLN active membership, but only as the acceptance of a united, patriotic pledge to help Nicaragua forge ahead.

Ortega recalled in his speech the people who died for Nicaragua's liberation and he promised their families he would achieve power in the October elections, "without issuing strident messages or seeking political revenge."

Ortega urged Sandinist activists to respect electoral results. "We cannot force anyone to vote for the FSLN, but the poor people of Nicaragua are convinced that the only way out of poverty is to vote for the FSLN."

Within this context, he invited the citizens of Managua to vote for Carlos Jose Guadamuz, who owns a radio station (Radio Ya) and "has earned the Nicaraguan people's respect and affection."

Daniel affirmed that the FSLN is not only the leading political group in the country; it is also the only one in which other political groups, producers, and other sectors can trust because the FSLN is a party that honors its pledges and guarantees peace and stability in the nation.

"Referring to this, we want to reassert that we will never again have a military service, or war, with the FSLN in power; neither will we have more confiscations or expropriations, and we will not fill the government with only Sandinists, because we think a government of National Unity is essential," he added.

"We are offering a government of National Unity so producers may participate in this government, through a vice president that will not be like Dr. (Virgilio) Godoy. Instead, he will truly assume a role concerning production activities, as head of a Production Council," he asserted.

Ortega also announced that his government would be comprised of producers (in various executive posts), who will soon be determined.

The FSLN presidential candidate promised to solve the ownership problem, and guaranteed there will be no more confiscations or evictions through balanced government policies that recognize the Nicaraguan people's right to assets and basic services.

In his acceptance speech following his electoral victory, Daniel Ortega called on all the Sandinists "who left or abandoned" the FSLN and urged them to return and comprise a united FSLN that guarantees the people's victory.

He announced that Commander William Ramirez decided to join forces with the FSLN. Ramirez had joined Sergio Ramirez' movement, but has since rejoined the FSLN.

"However, we must go beyond the integration of Sandinists who had left; we must include in our efforts those who criticize us in the neighborhoods, the poor, the producers, the businessmen, and the workers, and we must convince them that the FSLN is the only viable option," he emphasized.

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During his speech Ortega presented producer Juan Manuel Caldera Lacayo, who accepted to run for FSLN vice president, amid a hearty round of applause from Sandinist activists.

Panama

Panama: U.S. Military Operations in Darien Authorized

PA0905015996 Panama City ACAN in Spanish 2251 GMT 8 May 96

[FBIS Translated Text] Panama City, 8 May (ACAN-EFE) — Government sources today disclosed that Panama, which has no army, has authorized U.S. military operations along its border with Colombia, in the inhospitable jungle of Darien Province in which incursions by Colombian guerrillas have been reported.

Panamanian Government and Justice Minister Raul Montenegro today said that "the national government has authorized this (the U.S. military operations) for short periods of time in an effort to, more than anything else, support authorities protecting the border." He added that Panamanian President Ernesto Perez Balladares has allocated more resources to Darien Province and has sent "capable and professional personnel" to carry out this task in the dangerous jungle area.

The parliament today summoned Montenegro to learn of the security measures his ministry is taking at the border with Colombia, following the publication of an alleged letter the Revolutionary Armed Forces of Colombia (FARC) sent to the Panamanian Government. In this alleged letter, the FARC maintained that they had contacted the Panamanian Government and stressed their disposition not to attack Panamanian border policemen, because their fight was against Colombian authorities.

Montenegro called Panama's "alert" attitude "interesting," so as to ensure that "no incidents Panamanians may regret will take place." He added at the Legislative Assembly that Panamanian authorities are in "absolute control" of the entire national territory and that the presence of armed groups and guerrillas threatening Panama's security has never been and will never be allowed.

Minister Montenegro explained that the FARC's alleged letter was made public as part of the policies of "honesty and permanent information we are drafting at the Government and Justice Ministry. We are not certain, however, of the legality and truthfulness of this letter."

"The government will not, at any time, be considerate toward the guerrillas, nor will it have any contact with them," the minister pointed out in reference to the Colombian guerrillas' anonymous message.

The government and justice minister, who asked reporters to leave the Assembly while they discussed "sensitive security" issues, stressed that "we have not accepted, nor will we accept, the presence of narcoguerrillas, guerrillas, or revolutionary armed forces in our country."

The high-ranking official, however, admitted that the presence of illegal aliens in this region has been confirmed. They are trying to enter the country to then try to reach the United States.

He also reported that the government will build naval stations to closely watch Panamanian coasts bordering Colombia and Costa Rica. This year, Panama will build two naval stations in the Pacific Ocean and the Caribbean Sea, at the region bordering Colombia, to fight against drug trafficking, gunrunning, and piracy.

Captain Jose Rosas, National Maritime Service (SMN) director, told ACAN-EFE that the bases will be located in San Blas Archipelago, on the Caribbean coast, and Darien, at a jungle area in the Pacific coast bordering Colombia.

Deputy Foreign Relations Minister Ivette Franco told the Legislative Assembly that Panama and Colombia have had no formal or informal talks on this issue, "because we do not believe that such a guerrilla presence does not exist in our territory."

Panama: Acting FM on Definition of Bases Issue

PA0805211596 Panama City EL PANAMA AMERICA in Spanish 8 May 96 p 1A

[Report by Juan Manuel Diaz]

[FBIS Translated Text] Acting Foreign Minister Ricardo Alberto Arias said yesterday that in the coming months, a definite decision will be made regarding the exploratory talks on whether the U.S. military bases stay or leave Panama.

Arias noted that there is no specific deadline for adopting a decision in this regard, but "obviously, adopting a decision cannot be postponed until 1998 or 1999."

He indicated that neither the U.S. nor the Panamanian system can afford to postpone making a decision in this regard. However, he mentioned that the issue is a complex one and will require an analysis of all the aspects involved in the departure or stay of the military bases in Panama.

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Ricardo Alberto Arias said that in the coming days, the government will hold talks with the political party leaders to adopt a definite position regarding the topic of the military bases.

The diplomat noted that the discussion with the political parties will be based on the study of the economic impact of the withdrawal of the military bases drafted by economists Marco Fernandez and Jose Galan.

He also explained that the suspension of all the employees working in the U.S. bases, a problem "that will not be easily resolved," will be explored within this context.

The acting foreign minister also revealed that the process whereby the U.S. Congress will ratify new Canal Administrator Alberto Aleman is currently in its final stage. Aleman's nomination is currently being investigated by the U.S. Government as is the norm with any high-ranking federal official.

Panama: Eleta Casanova To Remain Head of Embassy in U.S.

PA0805194496 Panama City LA PRENSA in Spanish 8 May 96 p A1

[Report to Manuel Alvarez C.]

[FBIS Translated Text] Acting Foreign Minister Ricardo Alberto Arias announced yesterday that Fernando Eleta Casanova will remain at the head of the Panamanian Embassy in Washington for as long as he serves as foreign minister until the return of incumbent Foreign Minister Gabriel Lewis Galindo, who is recovering from a lung ailment in the United States.

Arias said no official will be appointed in the Foreign Ministry or the embassy because he is absolutely certain that Foreign Minister Lewis Galindo will recover.

The acting foreign minister denied that Lewis Galindo's ailment is delaying all the tasks pending with the United States, because they are in the hands of various commissions.

Eleta Casanova was serving as minister counselor at the embassy and, according to Arias, has handled all matters together with him, "which is why it will be much easier to continue with the pending topics."

Among the pending topics, Arias mentioned the control on drugs and money laundering, the U.S. military presence beyond 2000, the transition of the Panana Canal, and the commercial topic with the United States.

Arias warned "there is no easy solution" for the 6,000 Panamanian employees at the U.S. military bases, because they will lose their jobs with the dismantling of the defense sites along the banks of the Canal.

According to the Torrijos-Carter Treaties signed in 1977, the U.S. military must vacate the country on 31 December 1999, and so the Panamanians working at the nine defense sites of the Southern Command will lose their jobs.

During a meeting with local and international reporters, Arias said "the fact is that these employees will lose their jobs with the departure of the bases, and that situation is contemplated" in the Canal Treaties.

Panama is analyzing the possibility of renegotiating with the United States the permanence of a U.S. military base along the banks of the Panama Canal.

The diplomat said the problem of the Panamanian employees "is a consideration in this whole process," although he felt that these U.S. Armed Forces employees are well trained to work for any company in the country.

Arias recalled that Panama is trying to ease the current unemployment and not just with regard to the case of the employees of the military bases.

He also recalled that the administration of President Ernesto Perez Balladares is consulting internally on the document prepared by economists Jose Galan Ponce and Marcos Fernandez on the impact of the departure of the U.S. troops.

The acting foreign minister said there is no fixed date for the exploratory talks with the United States but denied this topic has reached an "impasse," as the Panamanian opposition has stated.

Panama: Economist Views Future of Canal

PA0805165496 Panama City LA PRENSA in Spanish 6 May 96 p 43A

[Article by economist Alejandro Aragon: "The Panama Canal in the Hands of the Executive Branch"]

[FBIS Translated Text] Do not fear because it is not yet in the hands of the Panamanian executive branch; it is in the hands of the U.S. President and his Departments of Defense and Army. This means that the Panama Canal is a strategic and vital structure for the interests of the U.S. Government at the world level. This U.S. federal agency is managed by a commission that directly reports to the President and the two aforementioned departments.

Recently, on 25 April 1996, I had the pleasure to personally meet Mr. Joe R. Reeder, Panama Canal Commission board chairman, at an event organized by the Port of Miami and the Miami World Trade Center. The purpose of this meeting was to present a report on the latest activities for the transfer of the Panama Canal

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administration to the Republic of Panama in the 21st Century.

This first article we are publishing will precede others that are being written and researched to inform Panamanians of intimate details of the problems and responsibilities which we will be dealing with as the transfer of the canal to Panamanian hands gets closer. Based on current conditions, this transfer will be a reality, according to the treaties and the U.S. Government's willingness and desire.

Going to the heart of the matter, Mr. Reeder's speech was concise and excellent; it was dedicated to the canal's clients and users: international shipping lines, cargo agents, purchasing agents, and others.

Basically, the United States has three issues which it must take care of regarding its experience with and management of the canal:

1. Its reputation: It must keep it at all cost regarding what it has done in the past and its future commitments. It must hand the waterway to a very small and underdeveloped country. Even if the Panamanian labor force has been trained to handle the canal, its reputation as a leader must be kept in the eyes of the world.

2. Free trade development: It is a key issue for the U.S. Government. Even when everybody is concerned about competition and freight costs, the constant operation of the canal is a priority for the development of economic blocs, and statistics on its use by customers confirm this. The U.S. Government's deficit can disappear only by reducing domestic spending and by exporting products and services.

3. Security for movements: It is linked to the aforementioned item, but do not take it in the sense of the canal security, because we know it is almost undefensible. Security lies in the presence of the U.S. Government. Recall that we have a Treaty Concerning Permanent Neutrality and Protection of the Panama Canal, which allows the United States to protect the canal in case of a critical situation at the local and world levels. Security lies in keeping stable governments in the region to have peace and being able to work. These new concepts on free trade agreements need all these factors to work out; otherwise, we will not move forward.

The following relevant aspects are the pillars or foundations of canal operations:

1. A skilled and trained labor force: It has been trained since the canal started operations and must continue to be trained. Of 7,577 employees, as of 31 October 1995, 90 percent are Panamanians. All training programs, such as those for pilots, tugboat operators, recruitment, and specialties, are being offered and received by Panamanians only. The only state of affairs that has to be mentioned is that, at the executive level, we only have 48 percent, or 66 individuals, from a total of 149 executives, as of the aforementioned date.

2. Canal infrastructure: Its locks, its machinery and equipment, and all its devices must be maintained to guarantee efficient operations until at least the year 2020. It is so much so, that the canal annuity the Panamanian Government receives has been reallocated in the program to speed up works to improve capacity and put the modernizing touches the increase in future traffic demand requires. All October 1995 data show positive signs of increase in tonnages, revenues, and number of vessels transiting the canal.

3. Canal users: By 30 September 1995, a total of 15,135 vessels had transited the canal, of which 326 were vessels of U.S. registry and 2,563 of Panamanian registry; the remaining 12,246 were registered elsewhere. Excluding U.S. vessels, 97.8 percent of the vessels that transit the canal are true users of the waterway. In other words, the canal is an international operation, and it owes itself to its users. If the users were not willing to pay the tolls, the canal would automatically become an obsolete structure.

You may recall that tolls were last raised in 1992 by approximately 9.9 percent and a similar hike was previously implemented in 1989. At any rate, these hikes serve to cover the operating costs at their equilibrium point after covering expenditures and interests stemming from direct U.S. Government investments in the canal.

Going back to the user, the newer concepts in intramodal transportation are now creating a problem of competition for the canal operation. Users can afford to look elsewhere, and when that happens, it is usually quite difficult to lure them back. Users of the canal and their clients, who would hurt from measures taken without a proper planning strategy, were present at the meeting that we attended.

Now here is a question for the 21st Century. Are the Panamanians ready to run the canal? I dare say yes from the standpoint of talent and manpower. I would say no from the political view, because this ingredient should steer clear of the canal. Mr. Reeder believed that the canal should be run in a professional manner, as it has been so far, and free from any political interference in the near future. If you have not heard, our National Legislative Assembly is creating a new law to manage and run the waterway. A preliminary draft already exists with apparent good intentions, and it will be best if we can all express our opinions about why this represents the future for the Panamanian people.

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The other situation which merits discussion is the renegotiation of a treaty or agreement that will allow the continuation of some U.S. military presence beyond the year 2000, since the current treaty speaks about a total withdrawal. I believe we should be realistic and consider the fact that over 75 percent of the Panamanian people do accept the continuation of a U.S. military presence, however small. In addition, the jobs currently generated by the military bases will be very difficult to replace in the three and one-half years remaining.

Somebody commented at the lunch that the two sides began to talk late last year, but the talks were suspended because the Panamanian side was asking for too much money to lease the bases. I assure you the United States has no strategic need for these bases. It has already made the decision to move the U.S. Southern Command to Miami and shut down several bases, even within the United States. It can even deploy forces from one ocean to the other in a matter of hours. This was demonstrated during the Persian Gulf war. We must, therefore be realistic and learn how to negotiate as wisely as possible in order to obtain the most benefits. We should learn something from the Mexicans and the North American Free Trade Agreement.

Panama: President Departs for Summit in Managua

PA0805195296 Panama City Telemetro Television Network in Spanish 1730 GMT 8 May 96

[From the "Telemetro Reports" newscast]

[FBIS Translated Text] President Ernesto Perez Balladares has left for Managua to participate in the 18th meeting of Central American chiefs of state. The subject to be discussed at this meeting will be the region's search for a single tourist destination in an effort to take advantage of our natural resources. This event will be held at Nicaragua's Montelimar Resort on 8 and 9 May.

Panama: Ceremony Marks Beginning of Taiwan Export Zone

PA0805165196 Panama City Circuito RPC Television in Spanish 2300 GMT 6 May 96

[Report by Abdiel Antonio Gutierrez; speakers identified by caption; passages within quotation marks recorded; from the "RPC Television News" newscast]

[FBIS Translated Excerpt] Colon Province continues to show evident contrasts between the heavy signs that loomed over the Colon Free Zone during last week's business strike and the beginning of an ambitious program between Panama and Taiwan, which started today. The government believes 12,000 jobs will be created in the next three years. [passage omitted]

[Gutierrez] The Taiwanese came, and high-ranking government officials swarmed the former Fort Davis military installations located in Colon to mark the event. Approximately 90 mid- and small-scale businessmen were among the audience of the ceremony held to lay the cornerstone of the Export Processing Zone [ZPE]. The speeches were delivered in Mandarin and Spanish. So far, only 10 companies are officially willing to invest in the area, but the prospects look good.

[Interoceanic Region Authority, ARI, Administrator Nicolas Ardito Barletta] "Here in Fort Davis, Taiwan companies, along with Panamanian workers and reverted infrastructure and land, will produce export goods for the benefit of all participants from the two countries."

[Gutierrez] The agreement that binds the two nations to create a joint enterprise, which promises to create thousands of jobs for Panamanians and use Panama as a starting point for Taiwan companies throughout Latin America, is at stake. [passage omitted]

[Gutierrez] The Taiwan Economy Minister P.K. Chiang said that, through these ZPE's, significant economic changes will take place in Central America and that the reverted areas will become an asset, not a liability, for Panama. Commercial relations between Panama and Taiwan were limited because of transportation difficulties. This obstacle was overcome once direct flights between Panama and Taiwan by EVA Airways began a few months ago.

President Ernesto Perez Balladares did not miss the opportunity to proclaim his achievement before his detractors.

[Perez Balladares] "I hope that this cornerstone we are laying today will also serve to start defeating the pessimistic attitudes that seem to have taken over some people in Panama, some people who believe that all promotion efforts are useless, that the legislative reforms were made in vain, and that honesty in public bidding processes is impossible to achieve. Perhaps they now will start thinking that the optimistic message I repeated so many times was not a product of my imagination, but was firmly based on reality."

[Gutierrez] The ARI project will start on 1 July, and the ZPE should be operating by March 1997 with companies devoted to the production and assembly of, among others, mid-technology articles and auto parts.

Since hundreds of workers of this former base were left jobless, the Local 907 Armed Forces Employees Union representative took advantage of the occasion to deliver a list of candidates to occupy positions at the ZPE to the ARI administrator.

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[Local 907 Union representative William Archer] "We did our best to draft this document so that it would be ready on time for the laying of the cornerstone of these new companies that will open here in Fort Davis."

[Gutierrez] Ardito Barletta said that they have a good chance of being hired, because former workers of the military bases are skilled people. However, we still have to wait a little longer. Today, only the initial step was taken, tangible results will have to wait for at least a year before they are evident.

Meanwhile, an intense marketing campaign is being conducted to try to convince both Taiwan and Panamanian businessmen that this area really has a commercial future.

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Argentina

Argentina: Army 'Could Have' Supplied Diverted Arms

PY0805170096 Buenos Aires TELAM in Spanish 1946 GMT 7 May 96

[FBIS Translated Text] Buenos Aires, 7 May (TELAM) — Defense Minister Oscar Camilion admitted today that the arms allegedly diverted to Ecuador during the Condor [mountain range] war "could have been supplied by the Army." He noted, however, that this point is not "significant for the investigation that is currently under way." Camilion emphasized that actually "a contraband crime has been committed in this case and now we want to know who the people responsible for it are." He hopes that "the court investigation will proceed as quickly as possible."

Camilion held a news conference on this issue. Asked if the arms could have been supplied by the Army, he noted that this point "is not significant for the investigation that is currently under way," as "there are many Argentine arms circulating worldwide after the Malvinas defeat."

Nevertheless, Camilion did not rule out the possibility of achieving, after the current investigation, "the conclusion that the arms diverted to Ecuador could have been supplied by the Argentine Army." Nevertheless, he did not hold the Army responsible for this possibility. Camilion pointed out: "This is not strange, as agreements are periodically being achieved between the Army and the military industries." Camilion noted that, according to these agreements, the Army supplies arms to the military industries "in exchange for a smaller quantity of new arms," which represents "a legal, open, and reasonable operation."

Camilion explained: "With the puny Armed Forces budgets, the possibility of purchasing arms and ammunition has sometimes been reduced to this type of operation." Camilion confirmed that he is not ready to leave the Defense Ministry during this conflict. He pointed out that the possibility of resigning "is an issue lying ahead in the future." Camilion again criticized the way in which some media are handling this case. He accused these media of having committed "gross mistakes."

Argentina: Chilean Defense Minister on Drug Enforcement

PY0805181996 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1905 GMT 7 May 96

[FBIS Translated Text] Buenos Aires, 7 May (NA) — The Governments of Argentina and Chile believe that their respective Armed Forces shall not (repeat: not) become involved in drug enforcement or in countering a possible guerrilla resurgence, as "the specific security forces have this duty."

Argentine Defense Minister Oscar Camilion and Chilean Defense Minister Edmundo Perez Yoma agreed in pointing this out today. They emphasized the necessity of achieving a "strong" bilateral "concord" in the defense area to cope with the end-of-the-century problems "on a regional level. In this regard, the two defense ministers agreed that the relations in the defense area have been "enhanced much more than expected." They admitted, however, that military concords should keep pace with the lightning headway achieved in regional economic concords.

Camilion and Perez Yoma made these remarks during a news conference at the Military Club of Buenos Aires today, within the framework of the Chilean defense minister's official visit to discuss defense issues. After the usual introduction of the respective Navy, Army, and Air Force commissions, which will review specific points, the two ministers began their round of talks this morning.

Asked about the status of relations with Argentina, Perez Yoma emphasized that the integration process "fully exceeds our expectations. Camilion agreed with this description." He added: "After overcoming bilateral conflicts, we achieved enhanced concord."

Regarding the Continental Glaciers conflict, which has still not been settled with the bordering country, the Argentine defense minister emphasized: "This is a congressional issue that must be resolved by the Congresses of the two countries." Camilion added: "Nevertheless, I believe this is an entirely diplomatic issue. If a solution is achieved by the congressmen, we would welcome it." The Chilean defense minister was optimistic about solving this problem. He recounted: "Considering that the two nations are sharing the third-largest border in the world, the situation is excellent."

The two ministers were mainly concerned over strengthening defense, with an eye to the 21st century. Even though Camilion said his prospects involve a regional context, specifically the Mercosur [Common Market of the South], his Chilean counterpart emphasized the necessity of heeding bilateral problems. Nevertheless, Perez Yoma admitted that the ultimate goal "would involve a regional view to make it easier" for all countries.

Changing the subject, the two ministers assessed the Armed Forces participation in drug enforcement. Regarding this issue, Camilion emphasized: "Both Argentina and Chile believe that they shall not become involved in drug enforcement." Camilion added: "Other

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countries in our region will do what their organizations deem appropriate, but we have forces trained for this purpose."

The two ministers also described the reequipping of their Armed Forces and their status. Regarding this issue, the Chilean defense minister said Chile "has achieved an equilibrium." The Chilean defense minister emphasized: "The Chilean Armed Forces level is appropriate. We do not represent a threat to any country, let alone a border country. We therefore are not ready to reduce anything."

Regarding Argentina, Camilion indicated that the reequipping issue would be assessed at the upcoming defense ministers summit scheduled in the city of San Carlos de Bariloche. In his opinion, improved weapons technology lies hand in hand with enhanced relations between the government and the Armed Forces.

The two ministers ultimately ruled out the possibility of the Armed Forces becoming involved in countering a possible guerrilla resurgence in any of the two nations. They agreed in emphasizing: "The specific security forces have this duty."

Argentina: Relations With Peru Not Affected by Arms Deal

PY0905030296 Buenos Aires TELAM in Spanish 1849 GMT 8 May 96

[FBIS Translated Text] Buenos Aires, 8 May (TELAM) — Vice President Carlos Ruckauf, the acting president, claimed today that the alleged third-party sale of Argentine weapons to Ecuador will not affect bilateral relations with Peru.

Ruckauf made some remarks at Government House today. "Relations with Peru will continue to be excellent. Dialogue between the presidents and foreign ministers is really very deep and I am convinced that Peru is well aware of Argentina's strong spirit of fraternity that informs all its actions," he said.

The vice president told reporters [accredited at Government House]: "Like everybody else, we all have to take good care of relations with Latin American countries."

Ruckauf declared: "First and foremost, Argentina's future will always be tied to Mercosur [Common Market of the South] and then to our relations with Latin American countries, which take precedence over those with Europe and the United States."

The acting president declined to comment on the situation confronting Defense Minister Oscar Camilion, remarking: "As you know, it is the president of the Republic, rather than the vice president, who appoints cabinet ministers and removes them from office."

Argentina: Editorial Urges Defense Minister's Resignation

PY0905030496 Buenos Aires LA NACION in Spanish 8 May 96 p 6

[Editorial: "Camilion Ought to Resign"]

[FBIS Translated Text] After one and a half years, the affair of the illegal sales of weapons manufactured in our country to Ecuador, while an armed conflict was raging between the latter and Peru, has plunged the federal government, the Defense Ministry in particular, into political turmoil, which demands a categorical response.

In order to have an exact idea of the degree of commitment Argentina had taken on, it should be recalled that our country is one of the guarantors of the peace treaty the feuding nations — Ecuador and Peru — signed following the war they waged against each other in 1941. Our country was thus pledged to remaining actively neutral so as to stave off any act or attitude that might pour oil on the flames.

Nevertheless, with the arrival of Argentine weapons manufactured by the General Directorate of Military Industries [DGFM] [in Ecuador] amidst the din of battle, Argentina not only sided with one of the parties — thus dodging its responsibilities while at the same time tarnishing its international prestige — but also fanned the flames of hostility. Worse still, frankly, our country committed an unfriendly — not to mention hostile — act vis-a-vis a country that, honoring indissoluble historical ties with Argentina, has always endorsed our country's position at international fora with fraternal solidarity.

Now that such a long time has elapsed since those irritating episodes, and the conflict in the Upper Cenepa [River] is, fortunately, being resolved by diplomatic means, neither an administrative inquest nor legal actions or congressional intervention have been able to determine who was responsible for the third-party sale, which violated Argentina's word of honor and discredited the Argentine Government.

Possibly, and even probably, there has been a criminal action to circumvent state control mechanisms, even connivance with officials from the selling company DGFM, and a ruse by some arms dealer to close the transaction behind the federal authorities' back, as the Defense Ministry claims. This, however, does not absolve the appropriate state agencies from their responsibility, since, if they did not know about the doings of General Marco Villa Jara [who supervised

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the arms sale], they acted — to say the least — with inadmissible naivete or flippancy in dealing with such an important matter.

Even if the investigation has not yet been concluded — and it must continue until it gets to the bottom of the whole affair — the DGFM and the Defense Ministry, under whose jurisdiction the arms manufacturing company falls, are — to all outward appearances — formally responsible for the illegal consignment of weapons [to Ecuador], as well as those consigned to Croatia during the war in Bosnia, where an Argentine contingent in UN peacekeeping forces operated. This third-party sale has brought our country into disrepute and grieves the government by placing it under suspicion of promoting, concealing, or allowing illegal businesses.

Given this state of affairs, the highest-ranking officials of the DGFM were removed from office more than a year ago, but the accusations leveled against the Defense Ministry now demand a political response, which can be none other than the resignation of Oscar Camilion.

It is not a matter — as he argues — of bearing the blame for something he did not do. Nor is it a question of shunning a confrontation with the courts or Congress, as he explicitly said he was willing to appear before the courts or Congress. There is a political responsibility which can only be assumed by adopting political attitudes that, far from besmirching the minister's honor, would make him stand out as a man who is well aware of the high institutional responsibility of the duties he is discharging. Other government officials, in times past, have perhaps been able to overcome situations like this one. This notwithstanding, the public, 13 years after the reinstatement of democracy in our country, demands that public figures' conduct be more open and honest.

A year ago, we pointed out in this column that our country had to undertake a difficult diplomatic offensive to recover the confidence of the international community. We argued: "Heaven forbid that the authorities should say that the whole affair was a control failure or the unwary blunder of some low-ranking officials. Such justifications — which are only admissible in the event one wants to protect one's own interests or clear somebody of blame — do not measure up in the least to the responsibilities that have been entrusted to government authorities, nor are they acceptable in the case of such a special and risky matter as international arms trafficking."

Argentina: 'Supremacy' in Intelligence Services Viewed

PY0805032396 Buenos Aires NOTICIAS in Spanish 20 Apr 96 pp 26-30

[Article by Fernando Gonzalez; research work by Marisa Grinstein, Christian Balbo, Fernando Amato, Dario Gallo, Carina Porchetti, and Carlos Dutil; part one of the "Intelligence Services" series: "The Scramble for Supremacy"]

[FBIS Translated Text] The members of that dark area of the labor market called "intelligence services" had their heyday 20 years ago. This notwithstanding, they are back now. They have once again come to the fore since the reinstatement of democracy. It is not as if they had not resurfaced before. Through a wave of pre-electoral intimidations, which harassed the administration of then Interior Minister Antonio Troccoli [under President Raul Alfonsin] in 1985, the intelligence services had sent signals that they were alive and kicking. They then threw in their lot with the "painted faces" in the psychological warfare the latter unleashed in 1987 and 1988. What is more, only a few people doubt that they were involved in the strange terrorist episode [involving the assault on the 3d Infantry Regiment headquartered at] La Tablada at the beginning of 1989. And yet, this time, following the unexpected shooting that nearly killed Dr. Jorge Berges; the bomb that failed to explode at the Naval Hospital — where the physician who was involved in the repression [during the "dirty war"] had been hospitalized — and the wave of threats against several public figures, the ferocious specter hiding behind the word [intelligence] "services" in the black history of Argentina has regained its place in the spotlight.

The 20th anniversary of the coup d'etat staged in March 1976 was the perfect excuse. This was acknowledged by Interior Minister Carlos Corach, 59, himself when conceding that the trace of "the unemployed labor force" could be seen in the latest violent acts. The widespread suspicion that the alleged terrorist organization ORP [People's Revolutionary Organization] had been "infiltrated" by intelligence services was compounded by the appearance of Francisco Benzi, 43, who, besides admitting his former militancy in leftist groups, asserted that he discharged duties at Federal Police Intelligence. "He is a squealer, whose services were no longer required in 1991," was the sincere remark made by the Federal Police in its official communique in response to Benzi's remarks.

On Monday, 15 April, shortly after 2200 GMT, at a downtown coffee shop, a NOTICIAS magazine reporter interviewed a man who introduced himself as "Carlos, a

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DEA informer, former Army officer and courier of the 'Noncommissioned Officer Alberto,'" whom "Carlos" identified as the leader of the GRP (People's Revolutionary Groups), an armed group whose operations center is allegedly located in Santa Fe Province. "Carlos" offered the reporter an interview with his alleged leader, an "Army colonel" — according to "Carlos" — and announced his group's political decision to "soon engage in foul play." He finally asked for money in exchange for this information, and upon being refused by the reporter, he promised a second interview, which never came to pass. Two days later, Benzi — who knew nothing about "Carlos'" remarks — told NOTICIAS: "The GRP is an offshoot of the National Liberation Party, which operates in the city of Rosario [Santa Fe Province], but I understand that it has been dismantled." Benzi declined to comment on whether there was a possible link between that group and Army officers.

The War

Some 30,000 people make up what could be termed "the information community" in Argentina, two-thirds of whom worked for the state and the remaining third as private investigators. The State Intelligence Secretariat (SIDE) is the natural environment for the officials who work for "intelligence services," but all security organizations, the Armed Forces, the General Directorate of Taxation [DGI], and most embassies in Buenos Aires have their own team of professionals tasked with the collection and subsequent analysis of data. Intelligence and security agencies, with 700 companies and more than 65,000 men with experience in the area of security, financial resources, and state-of-the-art technological resources, constitute an area in which the intelligence services have shown an interest.

The DGI has the largest and best equipped data base in the country concerning economic information. [Economy Minister] Domingo Cavallo, 49 — who once again controls it following the resignation of [former DGI Director] Ricardo Cossio, 46 — uses this data base to perfect his own information services, which he has been building up for some time. It is thanks to this data base that Cavallo drafted the "black paper" [preceding two words in English] which he uses to defend himself in his battle with businessman Alfredo Yabran, 56. The members of the economic team claim that this instrument comprising 10,000 agents will serve them to wage future battles against money laundering and the political wing of Menemism.

The recent wave of threats sharpened the sensitivity of the intelligence services that operate in our country. Two government officials have avowed to NOTICIAS that they reportedly stepped up the tapping of officials' telephones following the attempt on Berges' life. The officials conceded: "The general comment is that nearly all government officials' telephone conversations are bugged." The Menem administration is at a loss as to how to counter the resurgence of violence. An intelligence official consulted by NOTICIAS on 18 April complained: "I think things are going from bad to worse [empiojar]." Although the first leads steered investigations toward the extreme left, most intelligence agents ended up agreeing that the threat "psychosis" would be fueled by intelligence services identifying themselves with rightist ideologies.

Competition

The Navy, the Federal Police, and the Buenos Aires Province Police intelligence are the ones efficiently competing with SIDE's agents. The Federal Police have 500 agents working in the area of intelligence, who are called "hawks," but are nicknamed "federicos" by their colleagues. They answer to the authorities of the Federal Security Superintendency; they earn a basic [monthly] salary of $1,200 and receive a bonus according to the value of the information they gather. The CEPOC (Special Corps for the Protection of Constitutional Order) — to which double agent Benzi belonged — was also under the jurisdiction of the Federal Security Superintendency. The Federal Police intelligence personnel receive training for three months before they actually begin to work, and once they are discharging their duties, they are overseen by a group of 50 counterintelligence agents who follow their tracks. Government officials, opposition leaders, judges, and businessmen fall within the scope of their investigations. A retired police chief superintendent said: "One of our favorite modus operandi is to pass ourselves off as chauffeurs of the bigwigs we want to investigate." Without giving further details, the former agent boasted about something that seems incredible: "There is a friendly [intelligence] service, which takes inmates out of penitentiaries for a day to make them perpetrate attacks and even murders and then they return them to the penitentiaries."

The historical antagonist of the Federal Police intelligence is the Buenos Aires Province Police intelligence, which has intelligence offices in each of the 16 regions into which the province is divided and a staff comprising at least 400 persons. An inspector chief superintendent of Buenos Aires Province Police intelligence services confessed that there is a natural competition with the "federicos," and explained that the province police have "a school that gives mandatory one-year courses in counterintelligence and electronic security.... The 'Federal' [Police] do not have this; there are huge

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methodological differences between us," he bragged. The Buenos Aires Province Police intelligence services are now engrossed in the probe into the repression of university students in La Plata and the recent mutinies at penitentiaries, which were stage-managed by rival intelligence services to undermine the [political] future of [Buenos Aires Province Governor] Eduardo Duhalde, according to the hypotheses put forward by the police and Duhalde's supporters.

The Armed Forces intelligence has been losing operational capacity since 1983. The fearsome Army Battalion 601 was dismantled and became what is now the Joint Chiefs of Staff Intelligence Office No. 2 in which 350 employees work. At the building located on the corner of Callao Avenue and Viamonte Street — where Army intelligence used to operate — the Military Intelligence Collection Center (CRIM) is now headquartered. CRIM was designed by [Army Chief of Staff] General Martin Balza, 60, following the important rationalization undertaken in the Army. The Navy does not seem to have been damaged so much as a result of the restructuring effected in the Armed Forces. The Navy intelligence, which still comprises more than 300 agents, operates on the fifth floor of the Libertad Building [the Navy headquarters, located at 250 Comodoro Pedro Zami Street]. A Navy captain asserts: "There is nothing that passes unnoticed to our eyes when we investigate a person — his past, lovers — any piece of information that can hint as to his future actions."

Small Anecdotes

Captain Rodolfo Correa Belisle, 40 — who was sent into retirement after he suggested that Gen. Balza had used the [murder] case of private Omar Carrasco together with the Army intelligence to obtain publicity, something which the Army chief of staff denied — stated: "If Carrasco's body appeared at the barracks, it was because it helped Gen. Balza appear as a great democrat. The ground had already been prepared by his men from the Army intelligence."

Other episodes border on the comical. Facundo Suarez, 74, former SIDE director under the previous Radical administration, commented on the difficulties he faced then and the little experience civilians had in managing this agency. He said: "When Pope John Paul II, 75, arrived in Buenos Aires in April 1987, we did not exactly know how bodyguards could protect him until it occurred to us that 40 armed agents could be disguised as priests and follow the Holy Father's every movements during his visit, which is what we did. A minister's wife complained to me about 'those priests who do not allow us to greet the Pope.'"

Still, not all spies remain in their jobs until they grow old. Attorney Jorge Rodriguez, 42, was a Federal Police intelligence agent from 1976 to 1989. There he cultivated the friendship of Justicialist Party leaders, from whom he obtained confidential information for the police intelligence. Together with now Vice President Carlos Ruckauf, 50, Rodriguez also advised Alberto Kohan, 54, now secretary general of the Presidency; the Social Action Ministry, and the Interior Ministry in security matters. In 1993, he retired from the Federal Police as deputy superintendent and currently is a judge who presides over Traffic Court No. 27. Quite an amazing career.

Double Agents

Treason seems to haunt the men who work in the intelligence and counterintelligence world. Benzi himself claims to be a Federal Police agent and does not deny his links to the painted faces. Moreover, his links to the Army and even the Navy are not very clear.

The first intelligence service was established in 1930, four months prior to the toppling of [President] Hipolito Yrigoyen. It was called the Army Security Office. When the Army staged the coup d'etat and seized power, it had to remove its newly appointed intelligence director from office. The Army discovered the pro- Yrigoyen sympathies of the director — who gave the ousted president vital information — at the very last minute.

SIDE's Outlays

First Quarter of 1996: $89,561,267
1996 Budget: $189 million
Average Daily Expenses in 1996: $995,125
Total expenditures in 1995: $191.813 million
Total expenditures in 1994: $170.700 million
Average annual expenditures under Menem: $124,405,127

Bolivia

Bolivia: News Summary for 8 May

96CA0170A (Internet) Bolivian Social Communications Ministry WWW in Spanish 8 May 96 Morning Edition

[From the Computer Services Network of the Bolivian Social Communications Ministry http://utama.bolnet.bo:80/mcs/matind.htm]

[FBIS Translated Excerpt] [Passage omitted]

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Front Page News Briefs

Coca Growers Offer Voluntary Crop Eradication Plan

Coca producers in Cochabamba's Chapare region will today propose to the government a plan calling for the voluntary eradication of half a hectare of coca per month by each union affiliate (there are 500), announced the leader of the influential Trade Union Federation of Campesino Workers of the tropics, William Condori. Their intention is to avoid the presence of Umopar [Mobile Police Unit for Rural Areas] troops, who may eradicate crops by force and may also perpetrate abuses, assaults, robberies, and human rights violations, explained the representative of the coca growers.

Brazil

Brazil: Agriculture Minister Arlindo Porto Installed

PY0805190296 Rio de Janeiro Rede Globo Television in Portuguese 1615 GMT 8 May 96

[FBIS Translated Text] President Fernando Henrique Cardoso and Agriculture Minister Arlindo Porto have asked Congress to approve the tax and fiscal reforms. The minister, a senator for the Minas Gerais PTB [Brazilian Labor Party], took the oath of office at Planalto Palace this morning. Minister Porto said that his designation was made in recognition for the political role played by the Senate, by the PTB, and by Minas Gerais.

He added that the agricultural sector needs urgent compensatory measures to neutralize unfair foreign trade competition. He said, however, that the most important point is the approval by Congress of the tax and fiscal reforms.

President Fernando Henrique Cardoso said that the harmony that today prevails between Congress and the executive branch will be of great help to the agriculture minister.

Brazil: Sivam Approval Conditioned to Development Project

PY0905002796 Madrid EFE in Spanish 1846 GMT 8 May 96

[FBIS Translated Text] Brasilia, 8 May (EFE) — Congress will condition the approval of the Amazon Region Surveillance System (Sivam) — which is estimated to cost $1.4 billion — to the implementation of a development program in the region and guarantees that information obtained through Sivam will be available to Brazil.

Senator Ramez Tebet, rapporteur of the Sivam bill before the Special Congressional Commission which may authorize the government to obtain international credits for financing the operation, announced that five amendments have been introduced to the original bill submitted by the executive branch.

Congressional sources reported that Tebet's proposal, which will be voted on 15 May, includes a condition that the Sivam installation process will be controlled by the National Accounting Office (TCU).

Newspaper polls predict that the Senate will approve the economic terms of the contract signed by the government with the U.S. Raytheon multinational company which provides for the installation of fixed and mobile radar units, and computer and communications systems.

The project, which foresees that surveillance of the 5.2 million square kilometers that encompass the Amazon region, was paralyzed for several months due to charges of influence peddling which forced two high-ranking government officials to resign.

The contract was awarded to Raytheon in 1994 after a bid with the French Thomson multinational company. The bid was plagued with charges of bribery and irregularities.

Brazil intends to invite members of the Amazon Cooperation Treaty (TCA) — Bolivia, Colombia, Ecuador, Guyana, Peru, Suriname, and Venezuela — to participate in the program so they can benefit from the information, particularly regarding drug trafficking and the movement of persons.

Brazil: Japan Asked To Avoid Filing Charges With WTO

PY0805151996 Madrid EFE in Spanish 0213 GMT 8 May 96

[FBIS Translated Text] Tokyo, 8 May (EFE) — Brazil has asked Japan not to file charges with the World Trade Organization (WTO) over the protectionist measures introduced in the automobile sector, official sources reported on 8 May.

According to government spokesmen, Tokyo has considered the request as a statement of intentions meaning that the administration of President Fernando Henrique Cardoso will modify the recently enforced measures.

In March 1995, Brazil increased car import tariffs from 32 to 70 percent. It then restricted the importation, by local automobile manufacturers, of cars with less than 60 percent of their parts manufactured in Brazil. Brazil also demanded information on the trade balance of the country of origin of the vehicles.

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Tokyo considers that such rules violate WTO regulations applying to the treatment given to foreign enterprises. The rules produced a drastic drop in Japanese exports, for which reason Tokyo announced that it would raise the issue before the WTO panel of settlement of controversies.

The same sources said that the Japanese Government will wait for the decisions to be adopted by Brazil within the next few days.

Brazil: Consortium To Bid for Power Firm in Privatization

PY0805231996 Sao Paulo GAZETA MERCANTIL in Portuguese 6 May 96 pp A1, B6

[Report by Livia Ferrari and Vera Saavedra Durao]

[FBIS Translated Text] The National Iron and Steel Company (CSN) is still firmly interested in buying Light [Power Services, Inc.]. It is rumored that some investors who disagree with the price have decided not to participate in the auction on 21 May. Yet CSN Administrative Council President Benjamin Steinbruch reports that he is still trying to create a consortium of enterprises that will bid for Light. Steinbruch said the Chilean "Chilectra [Chilean Electric Company Ltd] group has not given up."

Steinbruch, who represents the Vicunha group which owns 13.7 percent of CSN voting shares, said Chilectra is not the only foreign investor interested in the Brazilian power company. France's Eletricite de France (EDF) and U.S. investors, whose names he preferred not to release, are also interested. He said Brazilians and foreigners are trying to form a huge consortium.

For CSN and the Vicunha group to join the consortium, Steinbruch believes it will be essential to form a "comfortable" group, that is, a consortium that can guarantee the necessary investments and appropriate participation in the partnership. He said negotiations are intense and have no deadline for conclusion. He said: "The consortium may even be formed just before the auction." He noted that on 9 May, the CSN will apply for pre-qualification at the Chamber of Liquidation and Monitoring (CLC) of the Rio de Janeiro Stock Exchange.

Steinbruch did not complain about the minimum price set for Light, which Trevisan consultants have set at 3.7 billion reals for 100 percent of Light shares. Steinbruch added that the price of an enterprise is also established by other factors, in the case of Light by the deadline set by the concession contract. The CSN has programmed its organization to incorporate Light: Last week, CSN announced the creation of a power department.

Investors involved in the business regard the creation of a huge consortium as the best guarantee that the auction will actually take place. There is a good chances that Light will be sold during the auction, because local and foreign enterprises, like the French, have sufficient funds for the deal.

EDF is accompanied by U.S. operators like Houston Power, from Texas. Representatives of the enterprises met last week with Planning Minister Jose Serra, BNDES [National Bank for Economic and Social Development] President Luiz Carlos Mendonca de Barros, and Helena Landau, head of the BNDES privatization department.

GTD (Generation, Transmission and Distribution), an enterprise run by pension funds, continues to increase its capital to buy some Light shares.

Brazil: Foreign Credit Availability Said Growing

PY0805151696 Sao Paulo GAZETA MERCANTIL in Portuguese 6 May 96 p B3

[Report by Mara Luquet]

[FBIS Translated Text] Brazil is in a favorable situation in the market of foreign credits for financing foreign trade. There is a consensus on the market that foreign banks have finally started a movement to shift their lines of credits from large banks to others that are not as large.

Market analysts believe there are two obvious reasons for this. First, foreign banks are searching for good profits for those credit lines, something that is becoming increasingly difficult to obtain in large banks, which also have remarkable bargaining power. Second, the happy ending of the Economico bank affair has conveyed a sensation of cash availability, making bank creditors feel comfortable enough to renew their credit lines. This has also made other banks diversify their partners in Brazil.

Says Gilberto Nobre, vice president of the international department of the Excel Economico Bank, and one of the main negotiators for the transfer of the Economico Bank: "British banks are still strongly conservative, but European banks in general and German banks in particular are diversifying their credit portfolio in Brazil." Nobre visited London on 29 April, when he met with representatives of some 40 banks, all of them European and also Economico bank creditors. Those banks have approximately $220 million of assets that were paralyzed at the Economico Bank. Now they feel the sensation of liquidity in the bank, for which they were long waiting. This has made them feel more comfortable in the Brazilian market.

"All of them said they would not withdraw their foreign trade credit lines," Nobre said. He added that interests

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will be paid and the banks will do what the market refers to a "clean up" [two preceding words in English], that is, the creditor bank withdraws the credit line in order to normalize it, and it then renews it with the Brazilian bank. Excel bank, as Nobre put it, has always actively engaged in financing foreign trade, and is on good terms with foreign banks. Excel Bank has foreign credit lines worth $240 million. Nobre believes that all Economico Bank credit lines will be normalized in six months.

This has created a comfortable situation all over the market. It is true that after the Central Bank intervention in the Economico and Nacional Banks, and after all the expectations awakened around the Brazilian financial system, foreign banks have retreated, not from the country as a whole but from some banks, especially the small and the second-level banks. "There was instability on the market. While some banks had many lines of credits, others had none," says Luis Massuo Yamashaki, who heads the international department of the Bank of Boston, which is actively engaged in financing Brazilian foreign trade. "The foreign market is open for credits for Brazil, for up to 360 days," he added.

The normalization of the Economico Bank has caused a quite positive political impact. Says Errol Cabral, executive of the international department of the Industrial Bank of Brazil: "For the time being it is a rather political impact. A rapid reaction should come in the second half of the year." The Industrial Bank of Brazil, whose assets amount to $115.1 million, ranks among the 10 best banks in an analysis of 131 institutions made by Riskbank, a risk classification system operated by Lopes Filhos Associados.

Cabral expects to give major impulse to his foreign trade portfolio, which is quite modest. Richard Bird, another major market agent, believes that credit lines will be diversified at a slow rate. Bird, head of the ING Bank foreign trade department, has said that the domestic financial system is still being adjusted, noting however that the foreign market feels that the situation is neither drastic nor critical. Other banks other than the four larger Brazilian banks are also optimistic. "I don't consider Bic Bank a second-level bank," says Carlos Brigagao, head of the bank's international department. In one year, foreign credit lines for his bank's foreign trade operations rose by 40 percent. Today they amount to $280 million. "Even during the intervention in the Economico Bank we increased the amount of foreign credit," he added. The rate of increase is obviously faster now," he noted. By the end of the year, Brigagao expects to have approximately $350 million available from short-term lines of credit for foreign trade.

For the Bank of America, one of the major foreign banks that has financed approximately 5 percent of Brazilian foreign trade, size is not a reliable quality index. Says Carlos Catraio, director of the Bank of America in Brazil: "We have always operated with top-level banks, and this has not changed." He added that "yet it is good to make it clear that we concentrate on the best banks, and not necessarily on the largest banks."

It is estimated that foreign bank credits worth $20 billion are currently financing Brazilian foreign trade. This amount has steadily grown in the 1990's. It is an attractive business for foreign banks, because of its high profits and low risk. The concentration of those credit lines on large banks made interest rates drop at the beginning of the year. The cost of credits, which at the beginning of the year stood at an average 2.5 percent plus the Londor interbank offered rate (Libor) for 180-day operations, dropped to 1.5 percent plus Libor. If the credits are channeled to smaller banks, or at least to banks that are not as large as the four largest Brazilian banks, the interest rate can rise by one percentage point or more.

Brazil: PRC To Set Up Foz de Iguazu Industrial Center

PY0605122396 Asuncion ABC COLOR in Spanish 28 Apr 96 p 19

[FBIS Translated Text] Ciudad del Este — PRC entrepreneurs will build an industrial center at Foz de Iguazu (Brazil) to compete with the Taiwanese-capital industries being installed in the Minga Guazu area. This was announced by Chen Lipi, economic adviser of the PRC Embassy to Brazil.

The Foz de Iguazu municipal authorities have given all guarantees and will provide the required infrastructure for the investors.

Deputy Mayor Gelson Werminghoff reports that an important group of PRC investors wants to invest in the Foz de Iguazu industries.

The installation of the first manufacturing plants may begin within 24 months because negotiations are quite advanced.

Werminghoff met Economic Adviser Chen Lipi and explained the benefits the Foz de Iguazu Municipality offers to foreign investors.

The mayor of the neighboring community told Chen Lipi that there is an industrial area with the required infrastructure: paved roads, electricity, piped water, and as many telephone lines as may prove necessary, in addition to special tax incentives.

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The companies that will open plants in the area produce home appliances, textiles, toys, and handicrafts.

The Brazilian press states that PRC entrepreneurs will compete directly with the Taiwanese-investment industrial center being built on km 23 of Highway VII, at Minga Guazu.

The Brazilian Industry, Commerce, and Tourism Ministry [MICT] has announced that it will cooperate with the PRC entrepreneurs.

MICT Coordinator Sergio Nunez told the Brazilian press that, within the next few days, he will send all the data PRC investors may need to the PRC Embassy.

They are being offered more advantages and benefits to install their factories in Foz de Iguazu than the Taiwanese entrepreneurs have been offered in Ciudad del Este, Paraguay. The Taiwanese face enormous bureaucratic obstacles, and many other difficulties including telephone lines. In addition, the Chinese mafia groups that operate in the area have threatened them in several ways.

Former Parana Governor Roberto Requiao, who is now a senator, told the Brazilian media that support for the bill he presented to Brazilian Congress declaring Foz de Iguazu a free-trade zone is increasing.

Sen. Requiao added that Senator Gilberto Miranda, one of the main defenders of the Manaus Free-Trade Zone, now supports the bill. Until recently Miranda tenaciously opposed the creation of the Foz de Iguazu free-trade zone.

Ciudad del Este businessmen believe the establishment of the Foz de Iguazu free-trade zone will have disastrous consequences for businesses in the Paraguayan city.

Chile

Chile: Nation Said Unwilling To Reopen Mercosur Issues

PY0805214896 Santiago EL MERCURIO in Spanish 7 May 96 p C2

[FBIS Translated Excerpt] Foreign Minister Jose Miguel Insulza has said that Chile is not interested in reopening any of the issues already closed in the negotiations with the Common Market of the South (Mercosur).

This is how Insulza reacted to the remarks made by Brazilian negotiators who said that such negotiations would fail because Chile is reportedly trying to reopen some issues that were agreed upon with the Mercosur, including the issues related to the free zone regulations.

Insulza said: "We have no interest in opening new issues. Even though the information creates concern because of how it was prepared, I would formally play down the information because I believe that problem, in the way the Brazilian official presented it, does not exist, and also because I don't believe we are behind in drawing up the final aspects of the agreement." [passage omitted]

Chile: PDC Absent From PS Congress, CUT Developments

PY0705202096 Santiago EL MERCURIO in Spanish 4 May 96 p A27

[FBIS Translated Excerpt] Shortly before the opening of the Socialist Party [PS] Ideological Congress at the Diego Portales building, the Christian Democratic Party [PDC] leadership decided not to attend the event to which it had been invited. This is yet another sign of its annoyance with its ally within the Coalition of Parties for Democracy [CPPD] over incidents within the CUT [United Workers Confederation].

This decision was adopted even though PDC Chairman Alejandro Foxley sent a letter to PS Chairman Camilo Escalona praising efforts made to restore the CPPD as the alliance that should make the CUT governable.

The decision to not attend the PS Congress was reached during a meeting of the PDC leadership summoned for 0800 yesterday after assessing the unsuccessful talks held at dawn by labor union leaders of the two parties in an attempt to reach agreement.

National Secretary Francisco Frei and Vice Presidents Jorge Pizarro, Claudio Huepe, Enzo Pistacchio, Patricio Santamaria, and Tomas Jocelyn-Holt sought to decided whether or not to attend the opening of the PS Congress at 1000. The vote resulted in a tie that was settled by Alejandro Foxley's vote against attending the event.

When Foxley was asked why, he said that despite efforts by socialist leaders there is not even a minimum agreement to endorse that reached by the CPPD party leaders last week to not seek agreements with forces that do not belong to the CPPD, even at the level of social organizations.

He said that this is not the first time leaders of the coalition have not been present at events of their ally parties. Therefore, he said there is no need to exaggerate the importance of the event. [passage omitted]

Chile: President Views 'Serious' PS-PCCh Alliance

PY0805183596 Santiago EL MERCURIO in Spanish 4 May 96 pp A1, A27

[FBIS Translated Excerpt] On 3 May President Eduardo Frei said that the events that had taken place within the

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CUT [United Workers Confederation] are serious, but that they are the result of an effort to overcome current difficulties between the two main parties of the ruling coalition, and added that coalition is not feasible without a sincere and frank understanding between the Christian Democratic Party [PDC] and the Socialist Party [PS].

The Chilean president admitted the seriousness of the situation within the union organization which has caused tension within the ruling coalition over the past 15 days when a Socialist was elected president of that organization with the support of the Communist Party, displacing the PDC.

At the opening the 25th Socialist Party Congress, President Frei for the first time publicly called the political parties' attention on the events that had taken place at the union organization.

Speaking before PS officials and delegates and special guests of the meeting, Frei ordered an immediate amendment and reorganization of relations between the PDC and the PS to avoid the emergence of a new spiral of offenses that can undermine in a short period of time the confidence built for years between the two organizations.

In addition to urging the parties to care for the coalition, and speaking off the cuff, he warned that within the coalition there will be no room for those who accept violence as a political practice. He was thus referring to the Communist Party of Chile [PCCh], the top leaders of which, headed by Secretary General Gladys Marin and Volodia Teitelboim, were among the guests of the PS ideological congress.

The Chilean president expressed special concern over the coalition that has been ruling for the past six years, and recalled that as he asked the Christian Democrats during the national meeting held in January last year not to break the consensus within the coalition, now he was doing the same before the PS. I say it with the same force and I hope to find the same understanding and comprehension," he said.

This call to the PS not to break the coalition was received with moderate applause by those attending the inaugural ceremony, when the PDC board was not present. Nevertheless, the PDC board sent a letter signed by its President Alejandro Foxley to the PS President Camilo Escalona.

Notwithstanding the efforts made by the PS leaders to overcome the conflict between the two parties over the PS-PCCh alliance at the CUT so that the majority party of the coalition could attend the opening ceremony of this important party congress, it was not possible because the actions and negotiations conducted until early morning yesterday have failed. [passage omitted]

The absence of the PDC board from the meeting was the main subject of talks after the inaugural ceremony of the PS congress. Everyone was expressing concern over the disagreement prevailing between the two parties due to the PS-PCCh alliance at the CUT.

There were also comments on the prevailing disagreement between the PS and the Party for Democracy [PPD]. PPD President Jorge Schaulsohn bitterly criticized the PS-PCCh alliance and the meddling of political organizations into the union autonomy.

Schaulsohn attended the inaugural ceremony for a very brief moment, leaving the place simultaneously with President Frei.

PPD board members were sitting together with leaders of the Democratic Socialist Radical Party.

The climate in the beginning of the ceremony was tense, but it relaxed to the extent that speakers outlined their ideas, in which there was almost no proposal.

President Frei was welcomed with a moderate applause, but not a cold one.

The speakers, however, were not applauded as much as on other occasions, except for the warm greeting granted to Hortensia Bussi, Salvador Allende's widow, who is some sort of a symbol for the Socialists.

Chile: Minister Denies Military Expenditures 'Excessive'

PY0805221196 Santiago EL MERCURIO in Spanish 7 May 96 pp C1, C4

[FBIS Translated Excerpt] Defense Minister Edmundo Perez Yoma yesterday termed absolutely mistaken the figures released by the London based International Institute for Strategic Studies (IISS) regarding the percentage Chile earmarks for its Armed Forces and which, according to the IISS, surpasses 2.9 percent of its GDP. [passage omitted]

Asked about the accuracy of these figures, after unveiling a monument to former President Eduardo Frei Montalva, Perez Yoma explained that the defense minister has several times asserted that the IISS information is incorrect.

Perez Yoma commented: "I do not know what they are talking about. We tried to find out, but we do not know if it includes the budget for the Investigative Police and Carabineros, if it includes social security, but their information is not the same as ours because our figures are completely different."

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The minister explained that the IISS talks about 2.9 percent of the GDP — the highest in the continent — when in truth it is 1.8 percent for 1996 and should be about 1.5 percent in 1997.

Perez Yoma added that, as far as the government is concerned, there is no arms race in the region and the Armies, Navies, and Air Forces are normally replacing their materiel, among them the Chilean Armed Forces.

Navy Commander Admiral Jorge Martinez Busch agreed with Perez Yoma on the subject and said that the figures disclosed by this famous institute are absolutely mistaken.

To correct the mistake, Martinez Busch urged the IISS to explain how it determined that Chile spends most in Latin America in the defense field, which is "by no means" the case.

The Navy commander said Chile invests about 1.8 percent of the GDP in the Armed Forces "which is quite acceptable within the modern administration processes." [passage omitted]

The defense minister also referred to the results of his recent trip to Europe, where he visited Germany and Belgium, and signed agreements at a ministerial level. He also inspected a few defense systems that may be acquired at some time by the Chilean Armed Forces. [passage omitted]

Regarding military purchases, he reiterated Chile's interest in acquiring at least two new submarines for the Navy before 2000, and admitted they are assessing the possibility of replacing some armored Army vehicles; that is, tanks and personnel carriers.

He said replacements are taking place constantly and that this time it is being carried out in coordination with the Armed Forces, trying to foresee the future. [passage omitted]

Perez Yoma said: "These processes take time. First we must decide what we want, see what is available in the market, look at the various alternatives, makes assessments, and seek the necessary financial aid to make the purchases."

Colombia

Colombia: Extradition Treaty With U.S. Said Still Valid

PA0905011296 Santa Fe de Bogota Radio Cadena Nacional in Spanish 2330 GMT 8 May 96

[Report by unidentified anchor and journalist Reinel Beleno Quiros at the Constitutional Court in Santa Fe de Bogota; from the "Latest News" newscast — live]

[FBIS Translated Text] [Anchor] Attention: The Constitutional Court has issued a ruling concerning the treaty for the extradition of Colombians to the United States. Reinel Beleno reports live from the Constitutional Court.

[Beleno] Correct, Eduardo. Attention: The extradition treaty signed by Colombia and the United States is still in effect. This is what was stated today by three Constitutional Court magistrates when explaining their vote on a ruling. They gave an explanation, rather than cast a dissenting vote [4-second break in reception] to counter kidnappings and extortion.

The document, of which Radio Cadena Nacional has exclusively just learned, states that Magistrates Jose Gregorio Hernandez Galindo, Hernando Herrera Vergara, and Vladimiro Naranjo Mesa considered that the 1991 Constitution did not abolish, declare invalid, or render void the treaties that Colombia signed prior to the 1991 Constitution. Let us hear from one of the masterminds of this important position adopted by the Constitutional Court, Jose Gregorio Hernandez Galindo:

[Begin Hernandez recording] Our position is simply as follows, without contradicting the position adopted by the court's plenum: We believe the article of the accord we examined is only applicable for the effects of Article 35 of the Constitution, which forbids the extradition of Colombian nationals when Colombia has not acquired a pledge at the international level concerning extraditions based on treaties that were (?signed) prior to 7 July 1991 — when the Constitution became effective.

In other words, the proviso in the constitutional ruling on the extradition of Colombian nationals forbid this, based on Article 35 of the Constitution. The way I understand this, it was only valid in the case of international extradition treaties (?signed) after 7 July 1991. This cannot include pledges previously acquired by the Colombian state in the international sector. The bilateral nature of a treaty, meaning a pledge between two states, implies that the treaty is binding for the states that sign it, regardless of what may happen at the internal level afterwards — for example, when a new Constitution is approved or when constitutional reforms

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are carried out. The pledge cannot be disowned in an unilateral manner. [end recording]

[Beleno] There you have it. Colombia cannot disown a treaty it has already signed. The extradition treaty signed by Colombia, in the opinion of Magistrates Jose Gregorio Hernandez Galindo, Hernando Herrera Vergara, and Vladimiro Naranjo Mesa, is still in effect.

Colombia: Samper Compares Situation to Medellin 'Stigma'

PA0905052296 Madrid EFE in Spanish 0108 GMT 9 May 96

[FBIS Translated Text] Medellin, 8 May (EFE) — Colombian President Ernesto Samper, who is accused of receiving drug-tainted money, compared his situation today to the "unfair stigma" that Medellin experienced because it was the headquarters of the powerful drug cartel, which carried the city's name and which was led by Pablo Escobar.

Samper, who visited the second most important city in Colombia, reiterated in a news conference that he would not resign because "that would solve nothing" and insisted that the slowdown of the economy was not due to the difficult situation that the government is experiencing.

The Colombian presidency has been experiencing a serious crisis since the prosecutor general began his investigation into Samper's presidential campaign a year ago. Samper is suspected of having received millions of dollars in support from drug traffickers.

The president explained that this northeastern Colombian city "understands the drama that the president of the Republic is experiencing, because it is the same drama that the people of Medellin experienced — that of being unjustly stigmatized."

Samper added that the capital of Antioquia Department has "experienced, as no other city in Colombia has experienced, the effects of having to live, because of fear or tolerance, with such a serious drug-trafficking problem."

The president believes that the sectors that are most ardently seeking his resignation "are seeking expedient solutions rather than a solution to the problem."

Samper believes these sectors "are the ones that would have to give more extensive explanations regarding this country's coexistence with and tolerance of drug trafficking in the country for the last 15 years.

Samper had intended to attend a meeting with European Union representatives and Colombian businessmen, which was held at the Medellin Chamber of Commerce, but he said he did not do so because of agenda problems.

The president denied that he canceled the visit because of the publication of an advertisement in the nation's newspapers, signed by more than 1,000 Medellin businessmen asking him to make the "patriotic decision" to resign and stop further affecting the country with the repercussions of the scandal regarding the financing of his presidential campaign.

According to the president, the economic slowdown is due more to the effects of contraband and his administration's fight against drug traffickers, who invested large sums of money, especially in the construction business, than to the political crisis.

Faced with the vehemence with which the business sector has insisted during recent weeks on his resignation, he accused them of having been accomplices in the infiltration of drug money in all sectors of the economy in recent years.

Colombia: Councilwoman Survives 'Life-Threatening' Attack

PA0705204296 Santa Fe de Bogota Radio Cadena Nacional in Spanish 1700 GMT 7 May 96

[From the "RCN Radio Events" newscast]

[FBIS Translated Text] Aida Abella Esquivel, president of the Patriotic Union [UP] and councilwoman of Santa Fe de Bogota, came out unscathed from a life-threatening attack. When she was on her way to work at the district council, she was attacked with a rocket and automatic weapons in northern Santa Fe de Bogota. The leader of Colombia's communist party was on her armored vehicle between 137 Street and the Northern Freeway when three individuals, who were disguised as workers of the city water and sewage company, shot a rocket at her and then attacked her bodyguards. The UP president told RCN reporters that she had survived thanks to her armored vehicle and to the timely reaction of her bodyguards, who resisted this attack.

However, independent worker Pedro Gomez Velasco was wounded when the rocket's shrapnel and firearm shots hit his red Esprit automobile, with license plate number UHM069. Civilians and police troops first took the wounded man on an ambulance that was on its way to Reina Sofia Clinic. From this clinic, he was later taken to San Pedro Clavel Clinic, which has informed that he is recovering satisfactory.

The councilwoman said the terrorists took advantage of a traffic bottleneck in this city sector in order to carry out this attack. They fled to the city's western area

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through the median strip. The political leader stated that she does not know how many times the criminals had shot, adding that a paid assassin had pointed at her with a long tube that was neither a rifle nor a submachine gun. Everything happened in a few seconds. We could not get out of the bottleneck. Fortunately, some traffic cars arrived and opened our way, allowing us to safely arrive at my office at the city council, she said. The communist councilwoman said she had been attacked by three men, two of whom wore helmets and overalls to disguise themselves as workers of the water and sewage company of Santa Fe de Bogota. The police has found the green Mazda station wagon, license plate VGQ872, between 139th and 42d Streets. The shell of a rocket was found inside this vehicle. According to official information, this vehicle had been stolen a week ago in Santa Fe de Bogota.

Colombia: Samper on 'Serious' Attack on Councilwoman

PA0705204596 Santa Fe de Bogota Radio Cadena Nacional in Spanish 1700 GMT 7 May 96

[From the "RCN Radio Events" newscast]

[FBIS Translated Text] Santa Fe de Bogota — Today, President Ernesto Samper Pizano described as an extremely serious incident the attack on Aida Abella, Bogota councilwoman and Patriotic Union director. According to a communique issued by Narino Palace, this attack once again demonstrates that the enemies of peace, coexistence, and tolerance maintain their irrational campaign against the nation.

The presidential communique clarifies that the government will continue to try to dismantle this fiendish apparatus of violence and adds that it will do so through the sacrifice every government official must make to achieve the supreme good of peace.

President Samper also expressed his confidence that the judicial and police authorities will be able to capture the culprits of this terrorist action and punish them with the full weight of the law.

Colombia: Minister on 'Deplorable' Attack on Councilwoman

PA0705204496 Santa Fe de Bogota Radio Cadena Nacional in Spanish 1700 GMT 7 May 96

[From the "RCN Radio Events" newscast]

[FBIS Translated Text] Santa Fe de Bogota — Today, Interior Minister Horacio Serpa Uribe urged the authorities to speed up the investigations conducted into the attack on Patriotic Union (UP) Councilwoman Aida Abella. Serpa Uribe said that this is a deplorable incident, which must be investigated to the last consequences to establish who is behind the crimes perpetrated on the members of this leftist political organization.

Thus far, several investigations have been conducted; however, these have not yielded enough information to ascertain who the perpetrators or masterminds of the attacks against UP members are.

Serpa Uribe pointed out that, in this case, however, we demand immediate results.

Entering the Senate's First Commission, Serpa Uribe stressed that the country hopes that, as soon as possible, the state security organizations and the Prosecutor General's Office will submit their reports on the attack on Councilwoman Aida Abella, establishing who the perpetrators and masterminds of this action are.

Serpa Uribe reiterated that it is necessary to stave off a return to this type of criminal action in Santa Fe de Bogota in the wake of the war being waged in the banana area of Antioquia's Uraba.

[Begin recording] [Serpa Uribe] This incident must be clarified as soon as possible to stave off a return to this type of criminal action, which has caused so much harm to Colombia.

[Reporter Javier Contreras] She said that the Colombian Government, through the public forces — which sponsor the paramilitary groups — are behind this attack, and that she has become its target.

[Serpa Uribe] No, this is not true. People must trust the authorities. In this case, the authorities will do everything within their power to ascertain who is behind this irresponsible and criminal action.

[Contreras] Is the war shifting from Uraba to Santa Fe de Bogota?

[Serpa Uribe] This incident must be clarified as soon as possible because of its political magnitude.

[Contreras] More than 3,500 UP militants have been killed. Are people persecuted by the government for political reasons?

[Serpa Uribe] This issue has been fully discussed throughout the year. The attacks on UP members are certainly deplorable. Thus far, the investigations already conducted into these attacks have not shed much light. [end recording]

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Colombia: Venezuelan Economic Measures' Impact Viewed

96SM0266A Santa Fe de Bogota SEMANA in Spanish 23 Apr 96 pp 54-56

[Unattributed article: "Painful Therapy"]

[FBIS Translated Text] If some friends of yours are in financial trouble, it is only natural for them to be concerned and for you to console them. But if these friends are also partners, your concern extends to yourself as well. This is the case with Colombia and Venezuela, two countries that in recent years have gone from being just neighbors and friends to being inseparable partners in trade and investment. This explains why many Colombian businessmen have resignedly accepted President Caldera's new economic-adjustment package, even if its immediate impact on their businesses will be negative. Although it represents harsh medicine, it could wind up helping the two countries in the long run.

The fact is that the treatment could not be more unpleasant. The economic package that Caldera announced last week reminded many of them of the harsh austerity measures taken during the toughest times of Latin America's foreign-debt crisis. The package includes a 500-percent hike in the price of gasoline (from 10 to 60 bolivars a liter), a more than 40-percent jump in public-services rates, and a higher sales tax. It also calls for an end to foreign-exchange controls and for a freely floating dollar — which means in practice that this week we will see the bolivar devalued by around 70 percent.

Long faces are everywhere in Venezuela, and not just because Venezuelans will now have to pay five times more for gasoline, which until last week cost less than bottled mineral water. It is a secret to no one that these measures will ignite inflation, which some analysts see jumping from 57 percent in 1995 to more than 120 percent this year. Moreover, the adverse impact that sharply higher inflation will have on Venezuelans' buying power, plus higher interest rates and heavier taxes, should bring on a recession in an economy in which unemployment is already over 11 percent. As a Venezuelan economic analyst told SEMANA: "We shouldn't kid ourselves. The short-term effects will be painful: higher inflation plus a recession."

Concerns about the immediate future have crossed the border. Venezuela's devaluation, on top of a slower economy, will deal a harsh blow to many Colombian businessmen's exports. The Venezuelan market's share in Colombia's total sales went from six percent in 1991 to ten percent last year. Most important, however, is what has been happening with nontraditional exports, which incorporate more technology and more national value added. Over these four years of trade integration, Venezuela has become the leading destination of our industrial goods, supplanting even the United States (see table). Given this degree of dependency, Venezuela's adjustment program will have a far from negligible impact on Colombian industry. In the words of one successful Colombian businessman who exports to Venezuela: "My firm's overseas sales will drop by more than a third this year because of the devaluation of the bolivar."

According to economic analysts, however, this bitter pill will have to be swallowed — not just because it is necessary, but also because it is good for the two countries. As Mauricio Cardenas, the director of Fedesarrollo [Federation for Development], told SEMANA: "This is a harsh adjustment, but it could not be put off. It represents the only chance to lay a solid groundwork for the healthy growth of the Venezuelan economy, and such a prospect is good for Colombia." The fact is that the imbalances in the Venezuelan economy have been worsening in recent years, so much so that it has practically fallen apart. Amid mistrust of official numbers, independent economic analysts estimate that the budget deficit could stand at almost eight percent of the Gross Domestic Product [GDP], and almost double that if we include the funds that the government has spent to support the private banks that have collapsed owing to the financial crisis since 1994.

Given this revenue shortfall, it is no surprise that the public debt has become a painful headache. According to a recent report from the National Association of Financial Institutions [Anif], the Venezuelan Government's debt, both foreign and domestic, might currently equal 70 percent of GDP, and the interest on it alone would mean annual outlays of close to ten percent of GDP. The worst part is that this fiscal problem has been reflected in the external sector of the economy. The payments that Venezuela has to make to service its foreign debt are so heavy that its international reserves fell by more than $1.9 billion in 1995, even though it posted a trade surplus of $7.5 billion (equivalent to three-fourths of Colombia's total exports the year before).

Given a crisis of this magnitude, many are wondering whether the measures that have been adopted will be enough. For the time being there is optimism. The package not only moves the country in the right direction but also ensures essential support for the Venezuelan economy: from the International Monetary Fund. Although the accord that the Caldera government is supposed to sign with the IMF in late May will mean a loan of just $3 billion, the Fund's endorsement is the key to restoring confidence among foreign investors

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and those Venezuelans who have sent their capital abroad. In any event, the effectiveness of the adjustment will depend on two policies, the ultimate outcome of which is still unpredictable: the government's program of privatizations and the reform of the labor-market regulations that will be submitted to Congress next month — without which no foreign investor will even approach Venezuela.

For now, there are a lot of crossed fingers on both sides of the border. As a Colombian businessman who has invested in Colombia and also sells his products there told SEMANA: "I would rather take a hit and be done with it, even if it is hard, because there is a lot of business to be done afterwards..."

The Devaluation Is Self-Correcting

With the devaluation of the bolivar, Colombia's exports will be less competitive in Venezuela, while Venezuelan goods will be less expensive on this side of the border. Although the Colombian Government has said that it will not take action in this regard, fear of a flood of Venezuelan imports has led several Colombian businessmen to call for exchange safeguards. This would mean imposing import duties on Venezuelan goods, thus offsetting their devaluation-enhanced competitiveness.

The fact is that such a move would seem to be excessive and inappropriate. The actual competitiveness of two countries' products depends on more than just the exchange rate between their currencies; the inflation trend in each also matters. According to several analysts, the devaluation of the bolivar will drive prices higher in Venezuela, leading to an inflation rate of more than 120 percent in 1996. The greater competitiveness of Venezuelan goods in Colombia will thus vanish in less than six months. The devaluation of the bolivar in November of last year is a good example of this. As the graph [not reproduced] shows, a 70-percent devaluation was quickly eroded by inflation in subsequent months.

A devaluation of the bolivar has its good side too, however. It will put an end to the smuggling of Venezuelan goods into Colombia which in recent months has taken advantage of a parallel exchange rate up to 60 percent higher than the official one. According to Jose Abril, the assistant director of the office of Pro-Export-Colombia in Caracas, "When this gap and the price controls disappear in Venezuela, smuggling — which according to some Venezuelan analysts hit almost $1 billion in 1995 — should decline substantially."

Destination of Colombia's Industrial Exports (percent share)

Country	1991	1995
United States	29	21
Venezuela	13	25
European Union	12	9
Ecuador	5	11
Peru	5	8
Others	36	26

Sources: Foreign Trade Ministry, SEMANA estimates

Ecuador

Ecuador: 'Source' Says Leoro, Peru's Tudela To Meet

PY0905001396 Quito Voz de Los Andes in Spanish 2300 GMT 8 May 96

[FBIS Translated Text] A high-ranking Argentine Foreign Ministry source has confirmed that the foreign ministers of Ecuador, Galo Leoro Franco, and Peru, Francisco Tudela, will meet in Buenos Aires to discuss the long-lasting border dispute between the two countries.

The meeting between Leoro and Tudela will probably be held by mid-June, although a date has not yet been set. The agreement to hold the meeting in Buenos Aires was reached between Ecuador and Peru following consultations with Argentina, Brazil, Chile, and the United States, the four guarantor countries of the Rio de Janeiro Protocol, which established the border limits between the nations of Ecuador and Peru in 1942.

The meeting between Leoro and Tudela will be the third the two foreign ministers have held this year. The Ecuadoran and Peruvian Governments agreed to hold this meeting following consultations with the guarantors of the Rio de Janeiro Protocol.

Paraguay

Paraguay: New Interior, Labor, Foreign Ministers Named

PY0905031196 Asuncion RPC Television Network in Spanish 0000 GMT 9 May 96

[FBIS Translated Excerpt] Sebastian Gonzalez Insfran and Juan Manuel Morales will be installed on 9 May as the new labor and justice and interior ministers,

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respectively. As usual, the two ministers promised to do their best. [passage omitted]

On the eve of his installation as the new interior minister, former Labor and Justice Minister Juan Manuel Morales indicated that his replacement will have several projects that are ready for implementation. He will turn over to his replacement the project to improve the penitentiary system. In this project, the Panchito Lopez detention center for minors will be given priority. [passage omitted]

Outgoing Foreign Minister Juan Ramirez Boettner reviewed his performance at the head of the ministry that he will be leaving in a few hours.

After inaugurating the meeting of Mercosur [Common Market of the South] businessmen, Foreign Minister Juan Ramirez Boettner — who will be replaced by the president's current private secretary, Ruben Melgarejo Lanzoni — reviewed his performance at the head of the ministry. It is worth noting that this diplomat whose career spans 60 years played a key role negotiating with the EU in the Lapacho-Rossi affair [involving unauthorized foreign loans], with Argentina for the return of the Pilcomayo River to its natural course, with Brazil for a review of Annex A of the Itaipu Treaty, and with the other members of the Mercosur on a variety of issues. [passage omitted]

Paraguay: Congress To Investigate Gen. Oviedo's Actions

PY0905025796 Asuncion RPC Television Network in Spanish 0000 GMT 9 May 96

[FBIS Translated Text] The Congressional Investigative Committee, CBI, will decide shortly on actions to be taken in the affair involving General Lino Oviedo's serious insubordination against his commander in chief.

The CBI unanimously declared itself competent to investigate the events surrounding the military uprising of Gen. Oviedo, retired. Blas Antonio Llano, the chairman of the committee, will shortly release the list of military officers, politicians, businessmen, and congressmen who will be summoned to testify.

[Begin recording] [Llano] The CBI will summon all the people it believes to have played key roles, and who may be able to assist in the inquiry.

[Unidentified reporter] Does that include Gen. Oviedo?

[Llano] It includes Oviedo. [end recording]

The lawmakers decided to assign high priority to this inquiry.

Colorado Party Senator Carlos Romero Pereira criticized President Juan Carlos Wasmosy.

[Begin Romero Pereira recording] On the night of the uprising, before going to some Army or Navy facility, as he should have done, President Wasmosy first went to the U.S. Embassy. He left Paraguayan territory and asked for asylum.

Article 43 of the Constitution is absolutely clear about the conditions that must prevail for a citizen to request asylum. In this case, the citizen in question was the president of the nation and commander in chief of the Armed Forces, no less. He sought shelter at a foreign embassy that, by the way, directly participated in the handling of this crisis. I am not saying it interfered with domestic affairs, not yet. [end recording]

Paraguay: Argana Endorses Mercosur Treaty Renegotiation

PY0905033196 Buenos Aires GAZETA MERCANTIL LATINOAMERICANA in Spanish 5-11 May 96 p 8

[Interview with Luis Maria Argana, newly elected president of the Colorado Party, by Carlos Montero in Asuncion; date not given]

[FBIS Translated Text] Luis Maria Argana, Colorado Party president and candidate for the next presidential elections, endorses the renegotiation of the Mercosur [Common Market of the South] agreements, which should include compensations and safety clauses for Paraguay. This 63-year-old lawyer who was Supreme Court head during the Stroessner administration held an interview with GAZETA MERCANTIL LATINOAMERICANA.

[Montero] You have upheld a critical position toward Mercosur during the internal Colorado Party election campaign. What can the rest of Mercosur countries expect about the government policy to be promoted by the president of the ruling Colorado Party?

[Argana] I would like to explain that my position on Mercosur was highly distorted during the campaign. What journalists allege in Paraguay in this regard — that we oppose Mercosur — is not true. Our party program favors integration. What we want to do is to renegotiate the Mercosur treaty on the basis of certain grounds we believe were not taken into account during the treaty negotiations process, which was conducted in a very inadequate manner.

[Montero] What would change?

[Argana] We believe that Mercosur does not consider Paraguay's condition as a "mediterranean country." This demands compensations. It does not encompass one principle of the Latin American Integration Law, that is, the "less favored" nation clause that is encompassed in

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ALADI [Latin American Integration Association] and also in LAFTA [Latin American Free Trade Association]. It is obvious that when a country with access to state of the art technology establishes an association with a less developed country, the products of the first will displace those of the latter. This automatically causes huge unemployment.

[Montero] What could be achieved among Mercosur partners?

[Argana] If we want to compete at the industrial level with other countries in 10 or 15 years, we need to achieve a true Latin American unity. The most powerful countries should enforce a kind of Marshall Plan in less developed nations, like Paraguay, by granting economic support through large long-term loans. These would be used to establish competitive industries that will be allowed to meet Paraguayan domestic demand and also to compete in larger markets.

[Montero] If the Mercosur agreements remain unchanged, what would be the impact on Paraguay's economic development?

[Argana] They have already had an impact last year because 200,000 jobs were shut down since the enforcement of Mercosur.

[Montero] After the usual political campaign confrontations subside, and in order to channel these initiatives, what type of relations do you think will prevail among the head of state and the party president?

[Argana] I believe they are going to be good because we will propose these principles within the framework of a party board that will encompass all internal party factions. We will have a frank and open dialogue.

[Montero] Does this also imply cabinet changes?

[Argana] I do not know. It may lead to this in some cases, but it is not the basis of our proposal. We want the government to cease distorting those principles the Colorado Party upholds regarding the role of the state.

[Montero] What is your position with regard to the return of [former dictator Alfredo] Stroessner, who granted you his electoral support?

[Argana] I believe Stroessner's return is conditioned by himself. Stroessner is an 83-year-old man. He lives well in Brazil. His health condition would not allow him to endure the hardships of a trial process.

[Montero] Not really, when last year the local press published reports on the need for Congress to adopt political measures allowing his return....

[Argana] That was the historical question that [former Argentine President Raul] Alfonsin raised in Argentina.... To bring the past into the present and thus destroy it, as Alfonsin did, or to find a solution through a pardon. The ethics of personal vengeance call for the punishment of torturers and those who injured loved ones, but the ethics of the responsibility of rulers calls for the achievement of peace in a country and the need to project it into the future.

[Montero] Does Paraguay need a measure of this kind?

[Argana] Sanguinetti has told the Uruguayan electorate that although he understands the people's need for vengeance, as some are justifiably demanding, he also realizes that this cannot be, for the sake of upholding a responsible attitude that seeks to make Uruguay a great nation with all of its inhabitants living in peace. A ruler or a party must assume the historic responsibility of implementing an amnesty.

Paraguay: Drug Mafia 'May Have Infiltrated' Congress

PY0705032796 Asuncion RPC Television Network in Spanish 0000 GMT 7 May 96

[FBIS Translated Text] Colorado Party Deputy Dario Palacios has told the news media that the drug mafia may have infiltrated Congress. He did not, however, explain his charge any further.

This serious charge has prompted the reaction of several lawmakers. The remarks are being labeled as extremely irresponsible in the Chamber of Deputies.

[Begin recording] [Unidentified reporter] The deputy made his statement about drug mafia infiltration just as Congress is getting ready to study several bills on drug trafficking.

Deputy Dario Palacios, who is a member of the drug enforcement committee of the Chamber of Deputies, said that drug mafia infiltration in Congress should not be ruled out. This serious charge was aired at a time when Congress has approximately eight bills dealing with drug trafficking. Congress is scheduled to discuss key bills dealing with drug trafficking, money laundering, and covert operations on 7 May.

Deputy Martin Sannemann [Authentic Radical Liberal Party] has indicated that if his colleague's charge is true, it would mean that Paraguayan politics are being colombianized.

[Sannemann] Charges of this kind should not be aired. Remarks like this jeopardize institutions. One cannot go about saying that anyone could be a drug mafia informer. I will consider asking for an investigation because if the above were true, my life and the lives of my family members could be at risk, for I

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have submitted five bills that have to do with drug enforcement. If anyone in Congress has ties with the drug mafia, this should be investigated. Please, the worst we could do is not investigate something like this. [end recording]

By the way, one of the bills that the Chamber of Deputies will study tomorrow has to do with the ban on the so-called covert operations, or controlled deliveries, in the struggle against drug trafficking.

The Chamber of Deputies will begin studying tomorrow three key drug enforcement bills that have to do with the use of covert operations, the laundering of drug money, and drug trafficking. These bills were scheduled to come up for consideration on 30 April, but this was postponed for a special session on 7 May.

Paraguay: Traffickers Said To Infiltrate Senad Cadres

PY0605204796 Asuncion NOTICIAS in Spanish 4 May 96 p 38

[FBIS Translated Text] During the opening ceremony of a parachuting training course for Special Force Commandos [Fuerza Especial de Comandos] and Dinar [National Narcotics Directorate] Special Agents in which President Juan Carlos Wasmosy, U.S. Ambassador Robert Service, and Argentine National Border Police chiefs from the Clorinda detachment participated, Senad [National Antidrug Secretariat] Executive Secretary General Jose Tomas Centurion emphasized that drug traffickers have infiltrated the Senad.

In response to a question on a 450,000-guaranie wage reduction involving antinarcotics officials, who were annoyed over this action, General Jose Tomas Centurion said: "As we have infiltrated them [the drug traffickers], they have also infiltrated our cadres. And, if this wage problem is not solved, then we run the risk of some information leaks."

Afterwards, the Senad executive secretary's remarks were even more serious. He said: "Imagine that we are planning an operation and that information on our plans leaks to the other side."

A journalist asked: Did this happen? Was this the case in Pedro Juan Caballero? Gen. Centurion responded: "It happens in Pedro Juan Caballero. It happened recently. We planned a huge exercise. We sent people there and..." He was interrupted with another question, as the journalists already knew of the negative results of that operation on which the antinarcotics officials kept silent to prevent its dissemination through the media.

Gen. Centurion's remarks annoyed nearly all the Dinar personnel who believe they are not being trusted. Some police officers, working for the Dinar and the Special Force, were annoyed over the Senad executive secretary's remarks and will even emphasize their petition to be transferred to the National Police. An order that all Senad officers should wear fatigues and join the Special Force formation also did not sit well within the Senad. Only one of the 20 "commandos" trained in the United States, who made up the Special Force, remains with the Senad. The rest has allegedly been removed by the Senad executive secretary.

Paraguay: Importance of Visit by Germany's Kinkel Viewed

PY0705011096 Asuncion NOTICIAS in Spanish 6 May 96 p 14

[Editorial: "The German Vice Chancellor's Visit to Paraguay"]

[FBIS Translated Text] The recent state visit that Klaus Kinkel, Germany's vice chancellor and minister of foreign affairs, made to Paraguay has not only been important in terms of the strengthening of our relations with a great economic power, which is one of the leading supporters of developmental and other types of projects in Paraguay, but also because of the clear messages the German vice chancellor put across, which are worth mentioning since they conveyed ideas that have been said time and again but are not always taken into account.

First and foremost, he underscored what in his considered opinion were the weaknesses of the Paraguayan judicial system. Hence his insistence on Germany's ongoing support for the efforts being undertaken to reform our judicial system. To that effect, it should be pointed out that Germany has for some years been advising our country in this field, particularly on the drafting of a new Criminal Code through the advice of an expert on this subject.

Kinkel remarked that a sound rule of law constitutes one of the fundamental conditions for a market economy. He mentioned that, in his capacity as, first, justice under secretary and, subsequently, as minister, he had been following very closely — through the support Germany has been giving to them — the Eastern European countries that have, over the last few years, jettisoned their totalitarian regimes; namely, Poland, Hungary, the Czech Republic, and the Slovak Republic. According to the German vice chancellor, the reform of the judicial system in these nations has been a fundamental component of their take-off. Kinkel observed that this same experience is altogether applicable to Paraguay.

Another consideration that the distinguished visitor put forward was the persistence on the path towards

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democratization. Kinkel said that despite the difficulties that may crop up, democratization must continue; there can be no turning back. This is why he was loud in his praises of the way Paraguay has managed to weather the recent political-military crisis.

The German vice chancellor hit a raw nerve when he mentioned the subject of guarantees for investments. Kinkel hinted at the fact that without guarantees, there will be no inflows of money into Paraguay. This is a problem that has been dragging on since the very beginning of the democratization process in our country and that German citizens have criticized on more than one occasion. Illegal activities destroy certitude about property and, therefore, investors become reluctant to set up shop here. While it is true that agreements on investment guarantees have been signed, actions speak louder than words.

Kinkel also commented on Mercosur [Common Market of the South] and stated that Paraguay should not be thinking about withdrawing from this integration endeavor. The German vice chancellor said that, first and foremost, Mercosur enabled Paraguay to boost its production to cater to a larger market and, secondly, he argued that Germany's trade policy vis-a-vis Paraguay was based on the negotiations between the EU and Mercosur.

The outcome of Kinkel's visit leaves excellent prospects for bolstering cooperation between Germany and Paraguay. It was mentioned, for example, that Germany will soon give advice to small and medium-seized enterprises along the same lines as it advised the East European countries, which, to a great extent, owe their take-off to Germany. Furthermore, Kinkel's visit has been instrumental in clarifying basic ideas concerning our future.

Peru

Peru: Date for Talks May Be Proposed to Ecuador

PY0705223896 Lima EL COMERCIO in Spanish
7 May 96 p A1

[FBIS Translated Text] Peru is studying the possibility of proposing to Ecuador a new date for the resumption of talks to set up the procedures that will be followed in the quest for solutions that will help overcome what each country considers impasses in the conclusion of the common border demarcation. Peruvian Foreign Minister Francisco Tudela made this statement last night, and added that although Ecuador has expressed in a diplomatic note its willingness to continue the talks, it did not propose any date.

"Perhaps we should propose a concrete date," he said. He added that Peru has expressed its willingness to immediately sit down at the negotiating table.

"The Ecuadoran answer is that it agrees with the idea of continuing negotiations, but it is a partial answer because it does not propose any date," Tudela said.

Concerning the smuggling of Argentine weapons into Ecuador during the conflict with Peru last year, Tudela said that our country will by no means contest the Argentine condition as guarantor of the Rio de Janeiro Protocol.

He categorically said: "It is impossible to ignore international treaties. The Argentine condition as guarantor is granted by the Rio de Janeiro Protocol. If anyone believes guarantors can be excluded or included at will when one is either satisfied or dissatisfied, they would be mistaken."

He added: "Peru by no means will try to weaken the Rio de Janeiro Protocol by contesting the quality of the guarantors which comprise and are part of this treaty."

Peru: Army, Police To Conduct Operations in Ayacucho

PY0905001696 Lima EXPRESO in Spanish
8 May 96 p A13

[FBIS Translated Text] Ayacucho — Army and National Police agents have launched countersubversive operations to forestall any terrorist attacks in this city on the occasion of the upcoming so-called terrorist anniversary.

The operations, which are code-named "Zancudos" and will be conducted throughout the month of May, will also facilitate the arrest of common criminals.

Army contingents have undertaken several operations in the jungle region of the La Mar and Huanta Provinces, Ayacucho Department, due to the presence of a small group of terrorists who recently attacked the township of Anchihuay, killing four peasant patrol members.

The subversives fled toward the Apurimac Valley, an area that is patrolled by the 2d Infantry Division.

Similar military maneuvers will be conducted in La Convencion Province (Cusco), a region that borders with Ayacucho.

Peru: Shining Path Reactivation Effort in Lima Assessed

PY0805213896 Lima EXPRESO in Spanish
5 May 96 p A24

[FBIS Summary] Experts on terrorism said that the murder of Pascuala Rozado, neighborhood committee

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leader, by Shining Path [SL] terrorists on 6 March 1996 marked the beginning of the criminal activities of the new SL Lima Metropolitan Committee. This decimated terrorist organization has also carried out, thus far this year, 30 propaganda actions in Lima and about three times as many in the Lima mountain range, Huallaga, Ayacucho, Cusco, and Abancay.

The experts believe that the activities of the new committee should be given serious consideration in order to implement the necessary measures to prevent its activities.

According to police sources, the SL gang headed by Oscar Alberto Ramirez Durand, aka "Feliciano," appointed one of his closest aides to reactivate the Lima committee. The police also believe that the order to murder Pascuala Rozado came directly from the new leader of the Lima Metropolitan Committee. The experts said that Rozado's murder was a warning to the neighborhood leaders who work with the people and prevent the terrorists from getting to them.

Some experts first thought Rozado's murder was an isolated event that had nothing to do with the SL regrouping in Lima, but two bombings occurred right after the murder, one in San Juan de Miraflores and another in San Juan de Lurigancho. SL terrorists also carried out attacks in Huanta, Uchiza, Las Palmas, Pacora, Huancavelica, and Huamachuco.

According to Raul Gonzalez, an expert on SL activities, "the latest SL actions are not typical of isolated groups but the result of some coordinated action." He added that "the latest murder of an SL terrorist in Villa El Salvador on 2 May was an act of revenge," and it shows the hard hand of the new SL leader in Lima.

Francisco Diez Canseco, president of the Peace Council, said that the latest SL actions are aimed at damaging the Peruvian image abroad.

Peru: Poll Shows Fujimori's Popularity Decreasing

PY0605205096 Lima LA REPUBLICA in Spanish 3 May 96 p 2

[FBIS Translated Excerpt] According to a poll carried out by the Imasen company, the popularity of Lima Mayor Alberto Andrade is 9 percent higher than President Alberto Fujimori. The poll that was carried out in Lima and Callao from 8 to 11 April shows that 70.9 percent support Andrade while only 61.7 percent support Fujimori. The question on disapproval also favors Andrade, who received 20.6 percent, while Fujimori got 28.4 percent. Looking at the recent polls in a retrospective manner, the figures show that Andrade's popularity continues to rise, although it was not much in April. [passage omitted]

Regarding the privatization of Petro-Peru [State Petroleum Agency], the poll shows that 69.5 percent are against and only 20.1 are in favor. Also, 73 percent believe that the decision on the privatization of Petro-Peru must be decided by a referendum and that only 19.6 percent believe the contrary.

The popularity of Finance Minister Jorge Camet is also dropping, from 51.5 percent last January to 36.4 percent in April. The disapproval of his administration increased from 26.8 percent in January to 35 percent in April.

Regarding Congressional decisions, 47.3 percent approve it, 37.4 percent disapprove it, and 15.3 percent are undecided. [passage omitted]

Peru: National Population Figures, Distribution Detailed

PY0805220996 Lima EL COMERCIO in Spanish 4 May 96 p A13

[FBIS Translated Text] The National Institute of Statistics and Information Science (INEI) has reported that the current Peruvian population has risen to 23,946,779 inhabitants, distributed among 194 provinces.

INEI head Felix Murillo Alfaro said that if the present growth rate, estimated at 1.7 percent, is maintained, by the year 2000 Peru will have 25,661,690 inhabitants.

He added that Lima is the country's most populated department, with 6,932,000 inhabitants, thus concentrating 29 percent of the total population.

Piura Department is in second place with 1,468,000 inhabitants, followed by Libertad (1,336,000), Cajamarca (1,344,000), and Puno (1,143,000).

These five departments account for 51.2 percent of the overall Peruvian population.

The least populated departments are Madre de Dios with 74,100 inhabitants, followed by Moquegua (137,700), Tumbes (173,600), Tacna (246,100), and Pasco (242,700). These departments account for only 3.7 percent of the total population.

It was also reported that Huancavelica has the country's youngest population, because 47.4 percent are under the age of 15, higher than the national average (35.4 percent).

The departments of Apurimac and Amazonas present a similar panorama as a consequence of the high fertility rate (an average of seven children per woman).

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In contrast, Lima (28 percent), Moquegua (28.9 percent), and Tacna (29.9 percent) have older populations because of their low fertility and high urbanization rates.

Moreover, INEI studies show that Cajamarca is the department with the highest rural population figure (72 percent of the total).

In Huancavelica, 70.3 percent of the population lives in rural zones, while in Apurimac, the figure is 62.1 percent; Amazonas, 61 percent; and Huanuco, 58.8 percent.

In contrast, Lima, with 3.1 percent; Tacna, with 9.8 percent; Tumbes, with 11.3 percent; and Arequipa, with 13.4 percent, account for the smallest concentrations of rural inhabitants.

The province of Purus, located in the department of Ucayali, has 3,218 inhabitants, the lowest population figure in the country, and is comprised of only one district.

It is believed that by the year 2000 it will have a population of 3,851 inhabitants, that is, in four years its population will increase by 633 inhabitants.

Peru: Publication of Newspaper EL MUNDO Suspended

PY0705030396 Lima LA REPUBLICA in Spanish 15 Apr 96 p 4

[FBIS Summary] Circulation of the newspaper EL MUNDO ceased on 14 April after one year and four months of existence in compliance with a decision adopted by the Atlantida publishing house board of directors chaired by Julio Vera Abad.

The daily, with nationwide circulation, was founded as a weekly on 17 April 1994 but it became a daily newspaper on 1 December 1995.

Reliable sources said that Vera Abad informed his close aides that the newspaper had not been definitively closed, but that it had been suspended "just for a few weeks."

He reportedly stated that the shares of the publishing house, including the EL MUNDO logo and design, had been sold to a Chilean company. Julio Vera Abad's legal advisers reported, however, that the newspaper has indeed been sold, but to Peruvians.

Uruguay

Uruguay: President Calls For Renovation of Armed Forces

PY0605150596 Montevideo EL OBSERVADOR ECONOMICO in Spanish 23 Apr 96 p 5

[Article by Alejandro Ferreiro]

[FBIS Translated Text] President Julio Maria Sanguinetti complained on 22 April to the Army Military Institute of Advanced Studies (IMES) about the Armed Forces' need to adopt an attitude of renovation and said that the Armed Forces can perform activities to support the antinarcotics effort.

Sanguinetti asserted to Defense Minister Raul Iturria, Army Commander in Chief Raul Mermot, and other Army officers that when "the attitude of the institutions does not change it is because they are living a process of sclerosis that can lead to their own destruction."

Making a distinction between the main duties, the advisory work, and the actions that contribute to national development, Sanguinetti pointed out "that lately, we have been calling for the Armed Forces participation in the antinarcotics effort. As this type of work is essentially police-like, it is not the Armed Forces main responsibility, although the Armed Forces can perform support actions under certain circumstances."

The president explained that this call for assistance "does not consist merely of an impromptu request," but is the result of several talks held a short time ago with the presidents of Argentina and Brazil. He added that during these talks the three presidents "shared the same opinion."

Claiming that the military area must be "in a permanent attitude of change," Sanguinetti summoned the Armed Forces to adopt new and modern attitudes.

"Today more than ever, education is conceived as an ongoing process," Sanguinetti said. He added that "the concept of an ongoing educational process is clearly associated nowadays to other educational concepts. Military training is not extraneous to these concepts. I would say that it has never been, because there has been a phenomenon of continuous training (...) which we have added to the military career in order to make it increasingly more professionalized."

Referring to the current mechanism of learning new things, the president emphasized that "we all know that the very moment we learn something new, this knowledge becomes immediately obsolete, we also know that we must train our capacity of assimilating

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new things." He added that the attitude of change "strengthens the institutions and pushes them forward."

He continued: "This has been the ongoing attitude of our Army, which has never remained with its eyes set in the past. It has always been searching and showing its new achievements and this has been not only its way of preserving what is traditional (...), but also of finding new roles that require that the Army implement changes, that allow the force to substantially refresh its meaning (...)"

Sanguinetti also referred to the roles the Armed Forces have been performing within the framework of regional integration and pointed out that this reality calls for a stronger confirmation of the national values of the Armed Forces.

"The integration processes are processes of political integration that do not signify, at all, the dilution of a national entity into a broader entity. On the contrary, it means a more intense confirmation of the national entity itself," the president said.

Sanguinetti added: "Instead of diluting our identity, the integration process forces us to preserve the national values, the values that constitute the state, and to develop values that indicate that the Armed Forces in general are important in preserving the existence and presence — now and in the future — of our state: The oriental Republic of Uruguay."

Uruguay: Brazil Denounced for Violating Mercosur Treaty

PY0805214396 Madrid EFE in Spanish
0336 GMT 8 May 96

[FBIS Translated Text] Montevideo, 7 May (EFE) — Uruguayan President Julio Maria Sanguinetti today phoned Fernando Henrique Cardoso, his Brazilian counterpart, seeking to resolve the problem created by Brazil's unilateral barrier on Uruguayan textile imports.

Uruguayan Foreign Minister Alvaro Ramos noted that Brazil "has violated" the Common Market of the South (Mercosur) treaty.

Ramos reminded that Uruguay —together with Brazil, Argentina, and Paraguay — are the Mercosur partners. He said his country would not approve any Mercosur trade negotiations with third countries before settling the protest lodged over the Brazilian measure.

Brazil's barrier involves a requirement imposed on Brazilian importers to reduce payment periods for purchases of foreign textiles, thus virtually forcing them to purchase domestically produced textiles.

The Uruguayan Government understands that this decision represents a non-tariff barrier to regional trade, a decision that was made by Brazil without consulting the other partners.

Brazil made a similar decision last year, a decision that was overcome after a series of negotiations.

The recurrence bothers Uruguayan officials to the point that President Sanguinetti himself directly negotiated with his Brazilian counterpart.

The Uruguayan Chamber of Garment Industries [Camara de Industrias de la Vestimenta de Uruguay] has asked the Uruguayan Government to intercede so as to achieve "a quick and definitive solution."

Daniel Dymenstein, Uruguayan Chamber of Garment Industries president, noted that the Brazilian measure could ruin many companies because it involves textile production for the next five months as raw materials have already been purchased and are being processed.

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